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| Italy | 100.00 | Algeria | 100.00 |
| Japan | 100.00 | Algeria | 100.00 |
| Korea | 100.00 | Algeria | 100.00 |
| Malaysia | 100.00 | Algeria | 100.00 |
| Netherlands | 100.00 | Algeria | 100.00 |
| Oil | 100.00 | Algeria | 100.00 |
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| Switzerland | 100.00 | Algeria | 100.00 |
| Taiwan | 100.00 | Algeria | 100.00 |
| Thailand | 100.00 | Algeria | 100.00 |
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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES



ITALY
Mediobanca faces confidence crisis
Page 13

Newspaper of the Year

Monday March 9 1992

£ D 8523A

World News Business Summary
Azerbaijani Court 'victory'

Major stakes election hopes on tax-cutting Budget

SATURDAY MARCH 7 1992

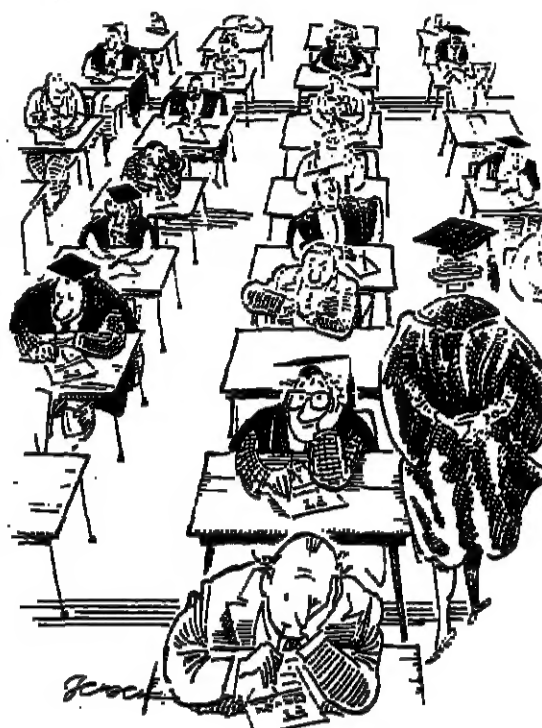
SCHOOLS SURVEY I

PARENTS' GUIDE TO INDEPENDENT SECONDARY SCHOOLS

The FT SCHOOLS 500

Public schools that made the grades

Gillian de Bono explains how this special FT survey assessed the sixth form performance of almost 500 fee-paying schools in Britain



Turn to Page 2

"ARE WE not setting the agenda for parental choice on far too narrow a front?" Joan Townsend, of Oxford High, is not the only head teacher to express reservations about school league tables. Yet the Headmasters' Conference compiles its own table of examination results - although this is not made available to parents of prospective pupils.

Tony Evans, head of Portsmouth Grammar (rated sixth in this FT 500-schools survey) revealed the ambivalence of head teachers in his autumn term report to parents: "The A level results were very satisfactory, the overall pass rate being 98 per cent, 69 per cent achieved at grades A and B. This placed the school eighteenth in the Headmasters' Conference. However, I would wish to repeat my comments at acknowledging that education is broader and more humane in its purpose than the acquisition of the top two A level grades alone."

Independent schools clearly recognise the competitive value of a good academic record, and most include detailed examination results in their prospectuses. The problem for parents is that the information is often presented in an inconsistent form, making meaningful comparisons difficult.

Our tables on Pages 7 to 11 address this problem by giving comparative data on nearly 500 independent secondary schools in England, Wales and Scotland. It is the biggest and most comprehensive survey of its kind, and although not every school in the UK is included, we have taken pains to include all which replied and which teach A Levels (or Higher in Scotland).

Previous surveys have ranked schools only on the performance of their best pupils - schools were compared on the percentage of A and B grades attained at A Level.

Our survey is the first to assess the results of all A level candidates in the second year sixth form using the points system used by the Universities Central Council on Admissions

(UCCA). This quantifies performance of all grades on the following scale: grade E, two points; grade D, four points; grade C, six points; grade B, eight points; grade A, ten points. We have added all the points obtained to produce a combined UCCA points score for each school. Dividing a school's total UCCA points by the number of subjects entered gives a measure of the success rate. For example if every pupil achieved an A grade in every subject, the average UCCA score per entry would be 10. If the average grade were a B, the score would be 8 and so on.

It would not, however, be fair to use this score per entry as the basis for ranking all schools. This is because schools entering only their best pupils for a narrow range of subjects would have an unfair advantage over schools with a broader entry policy. On this measure, the Yehudi Menuhin School came out second, beating Eton and Winchester. Previous attempts by newspapers to rank schools according to their A and B grades are open to the same objection.

An alternative measure of success is the average UCCA points score per pupil. This, after all, is what most universities look at when assessing candidates for entry. However this measure unfairly discriminates against schools which limit the number of A level subjects to three and use the extra time for optional subjects, which are not examined. Schools which routinely enter pupils for four A levels could achieve a maximum of 40 points per pupil compared with only 30 for those entering an average three subjects.

We have combined scores for performance per pupil

and performance per entry in an index which gives equal weight to both. This index therefore provides some measure of academic excellence and of breadth. Our tables also list separately the performance per entry, performance per pupil and the average number of A



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Name (Mr/Ms/Ms) _____ Address _____
Postcode _____ Telephone No _____
Best time to call _____ FT 7.3

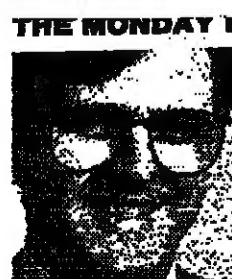


King Edward's, Birmingham, first among 500

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THE MONDAY INTERVIEW
Richard Ryder, government chief whip, is one of the most powerful figures in the British Conservative party. Quite consciously he is, and intends to remain, among the least well known.
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are jockeying for power.
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European Property: Recession blunts the impact of change.
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Norman Lamont delivers his pre-election
and prospects. I shall then deal
t what it means for interest rates, exchange
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r business and you. As the Chancellor rises
sent my tax proposals. I have
s Pages **RBSA-B**, and watch The Royal Bank
ss a number of the concerns
and Capital Markets team provide instant
to carry forward tax reform
interpretation as the Budget unfolds.
decessors. The measures I have
expertise. It's all yours at the touch of a
the three main requirements
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INTERNATIONAL NEWS

Azerbaijani peace plea fails to halt conflict

FRESH fighting broke out between Armenian and Azerbaijani combatants struggling for control of Nagorno-Karabakh yesterday despite a plea for peace from Azerbaijan's interim president, Reuter reports from Moscow.

Armenia said Azerbaijani forces were still massed around the town of Askeran and engaging in running skirmishes with the town's Armenian population 24 hours after some of the worst fighting in the four-year conflict in the region.

The Karabakh Committee in the Armenian capital Yerevan said Armenian defenders had destroyed one Azerbaijani tank.

The committee also reported fighting near Hadruth in the south of Nagorno-Karabakh and said Azerbaijani forces had rained shells on several towns inside and outside the enclave after an early lull in the fighting.

Azerbaijani reported overnight shelling of Agdam, one of its chief towns just outside Nagorno-Karabakh.

Mr Vahan Shirkhanyan, head of the Karabakh Commit-

tee, put the Armenian death toll in the battle in Askeran at 200. He said 26 Armenians, many of them women, had been killed when Azerbaijani forces overran the village of Kazanchi.

The battle for Nagorno-Karabakh, administered by Azerbaijan for nearly seven decades but populated mostly by Armenians, has intensified in recent weeks, despite a welter of peace initiatives.

Azerbaijan's interim President Yagub Mamedov yesterday called for new efforts to bring both sides to negotiations.

"We have to step up diplomatic efforts and get negotiations going quickly," he said.

But the 51-year-old former university rector, who succeeded President Ayaz Mutalibov two days ago, may face domestic pressure to take a hawkish stance on the conflict.

Mr Mutalibov was forced out of office last week by demonstrators who said he had been soft on Armenia and had staked too much on a negotiated settlement.

Up to 2,000 people have died



Azerbaijan's interim leader Yagub Mamedov calling for peace talks yesterday

In four years of fighting in Nagorno-Karabakh, making it the bloodiest conflict in scores of ethnic feuds that helped to tear the Soviet Union apart.

The struggle also threatens to undermine the newly-formed Commonwealth of Independent States.

Turkey yesterday issued a new call for peace in the region, with Mr Ekmet Cetin, foreign minister, asking the US to use its influence for a solution.

Mr Cetin has been touring

several former Soviet republics, including Azerbaijan. Turkey has urged Azerbaijan to adopt a tougher stance in the conflict, drawing charges from Armenian politicians that it is meddling in the dispute to win the support of Moslem former Soviet republics.

Former Soviet foreign minister Eduard Shevardnadze, back in his native Georgia to pursue a political career, appealed to the west yesterday for aid for the Transcaucasian republic.

After 36 hours of talks with government leaders, he said: "I'll be straightforward without aid from our friends - real democrats in all states of the world - we will find it difficult to solve all our problems."

Mr Shevardnadze, who steered the foreign policy of Soviet leader Mikhail Gorbachev, says he will probably run for a seat in the Georgian parliament once new elections are held. He has also not ruled out standing for the presidency.

Mountain to climb, Page 14

Threat of German strike grows

By Quentin Peel in Bonn

THE THREAT of a public sector strike in Germany grew stronger at the weekend when trade union leaders rejected the government's pay offer as "not worth discussing" and warned that they would call a strike ballot if there were no improvement.

The white-collar workers' union, DAG, has announced that it will decide today on whether to start "warning strikes" in central and state government offices, and the OTV, the principal public sector union, did not exclude protest actions in the key state of North Rhine-Westphalia.

The worsening mood in the 2.3-million public sector workforce, which would pit the unions for the first time directly against the government, coincided with more hopeful indications from both sides in the banking industry.

At the same time there were gloomy warnings about the strained state of the German economy, rising unemployment, and the need for tougher budget restraint, both from government ministers and the government's top independent economic adviser.

Professor Hans Karl Schnel-

Brussels talks to step up Yugoslav peace initiative

By Judy Dempsey in Ljubljana and Laura Silber in Belgrade

MOVES to resolve the Yugoslav crisis will be stepped up today when the EC-sponsored conference on Yugoslavia reconvenes in Brussels, following the arrival yesterday in Belgrade, the Serbian and federal capital, of the commander of the UN peace-keeping troops.

General Satish Nambiar, an Indian, is expected to finalise plans to deploy more than 13,000 UN peace-keeping troops in the republic of Croatia later this month.

Despite the first major breach of the nine-week-old ceasefire in Croatia, eastern Croatia, in which five people were reported killed at the weekend, western diplomats yesterday said they expected the deployment to go ahead.

In Brussels, the presidents of Slovenia and Croatia and the four presidents of the rump Yugoslavia, are today due to discuss the recognition of the republics of Bosnia-Herzegovina and Macedonia.

Both republics voted for independence in recent referendums. Serbian President Slobodan Milosevic may not attend the talks because of slight injuries received in a car accident, Tanjug news agency said.

Greece continues to oppose the recognition of Macedonia on the grounds that Macedonia has claims on part of northern Greece, while nationalist Bosnian Serbs, who boycotted the referendum in Bosnia-Herzegovina, want to remain part of the Serb-dominated rump Yugoslavia federation.

Mr Alija Izetbegovic, president of Bosnia, will again ask the EC to recognise the republic's independence. But Moslem

officials said at the weekend that some EC countries now suggest Bosnia should be administered on ethnic lines, with considerable autonomy granted to the Croat, Moslem and Serb communities.

Croatia and Serbia also support the division of Bosnia into cantons. In the belief that this would speed up the eventual disintegration of the republic and its eventual unity with both Croatia and Serbia, Western diplomats yesterday said the UN, and some other EC countries, oppose this plan.

Mr Franjo Tudjman, president of Croatia, has already succeeded in having Mr Miro Lasic, a moderate Bosnian Croat who wants to preserve the territorial integrity of Bosnia, dismissed from a special tripartite committee of Moslem, Serb and Croat. This committee is negotiating with the EC on the future status of the republic.

Slovene officials want the EC conference to open up negotiations on tackling Yugoslavia's \$16bn (€20bn) external debt. Mr Marko Krnjacic, vice-chairman of the central bank of Slovenia, said all six republics must decide how the debt should be distributed among the republics, so as to facilitate fresh credits.

Much of the federal debt is already accounted for, except for \$3.5bn, which is unallocated debt. "We have to reach a settlement on this soon. But so far, the National Bank of Yugoslavia [the central bank] has not been willing to discuss it," Mr Krnjacic said.

Slovenia's share of the allocated debt of the Yugoslav federation is about \$1.8bn.

German-Soviet air link could be resurrected

By Leyla Boulton in Moscow and Daniel Green in London

A PARTNERSHIP first established between Germany's Weimar Republic and Lenin's Bolsheviks could be revived under a proposal being examined by airline executives in Frankfurt and Moscow.

Aeroflot, the airline of the now-defunct Soviet Union, is considering a possible alliance with Lufthansa, the German national carrier. It would involve route-sharing and other joint operations to help the former Soviet carrier survive international competition.

Both airlines have invoked the memory of Deutsche Russische Luftverkehrsgesellschaft, or Deruluf. This was an alliance begun in November 1921 to fly between German

cities and eastern Europe, including the then-independent Baltic states.

Mr Vladimir Potapov, director-general of Aeroflot's international air services, said: "We want to return to that [relationship]." Such an alliance would go beyond the joint venture it already has with Lufthansa to modernise Moscow's Sheremetyevo airport.

Mr Potapov gave no more details of talks with Lufthansa on further co-operation, but said work was progressing despite problems with financing the DM800m (£277m) airport project. The main problem was that plans for a loan from a consortium of German banks needed new guarantees.

Compromise on tied-aid rules

By David Dodwell, World Trade Editor, in Paris

THE Organisation for Economic Co-operation and Development has forged a compromise over the transition to tough new rules intended to stop aid funds being mixed with commercial loans to help exporters win contracts.

The compromise, which emerged last week, is expected to defuse a row between the US and Spain over two unusually large Spanish credit lines to Mexico and Venezuela which were rushed through before curbs on mixing aid with commercial credits came into force on February 15.

At the same time, efforts by the OECD to get member states to report outstanding unused tied credits have achieved little success. Just six of its 24 member states have disclosed their aid "overhang", none of them

leading users of tied aid. No replies have been received from Japan, the UK, France, Italy, Germany or the US.

OECD efforts to eliminate "mixed credits", in which governments cheapen the cost of loans for projects in target markets by mixing aid funds with pure commercial credits, have made significant progress. Rules that came into force on February 15 limit tied aid to projects that are not commercially viable. They also ban the use of tied aid for loans to better-off developing countries - defined as those with gross national product per capita of \$2,465 (£1,400) or more in 1990.

The controversial Spanish credits were seen as an abuse of both principles. The credits, of SDR723m (£567.56m) to Mexico, and SDR850m to Ven-

ezuela, were among the five largest credits ever notified to the OECD, and compared with total Spanish aid in 1990 of \$800m.

The compromise agreed this week will not force Spain to withdraw the credit lines, but their lives will be strictly limited. They can be assigned to projects - even those that are seen as commercially viable - up to December 31 this year, and must be notified to the OECD by then.

The special transition rules for other existing unused tied credits will allow countries to notify projects to be funded by these credits up to August 15 this year. Tied credits are normally valid for two years after signature. Under the new rules, it will not be possible to prolong them.

Up to August 15, it will be possible to use these credits even in countries with per capita GNP above the agreed threshold. But for the rest of the life of the credit, it can be used only for non-commercial projects.

The aim of the changes is to boost aid flows to the world's most needy countries, and into non-commercial but important projects.

At a weekend rally in Essen, Mrs Monika Wulz-Mathies, leader of the OTV, said that if there was no improvement in the offer by the next round of negotiations on March 19, "there can only be one answer: a ballot and a strike."

Mr Helmut Kohl, the German chancellor, told a state election rally in Baden-Württemberg that wage demands of 9.5 per cent had nothing to do with economic reality.

The one ray of hope came in the bank dispute. Mr Hilmar Kopper, chief executive of Deutsche Bank, said in an interview that the employers' offer of 5 per cent was "not the best world" and union leaders said they were ready to go back to the negotiating table.

Nationalism prompts split in Slovak party

By Ariane Genillard in Prague

SLOVAKIA's ruling right-wing party, the Christian Democratic Movement, splintered at the weekend after two powerful leaders left to create their own nationalist-based party.

The division will further weaken the position of right-wing parties in the Slovak republic in advance of June's general elections in Czechoslovakia. It also highlights the growing nationalism pervading all political parties in the Slovak republic.

Both the Christian Democrats, led by the Slovak prime minister Mr Jan Carno-

gursky, and their coalition partners in the Slovak government, ODU-VFN, support the economic reforms drawn up in Prague and the disputed federal system in Czechoslovakia. But their popularity has been ebbing as Slovaks, faced with greater economic hardship than their Czech neighbours, prefer to back nationalist parties increasingly critical of Prague.

The Christian Democrats agreed to allow Mr Jan Klepac and Mr Wilhelm Oberhauser to set up a rival party based on a more left-wing and nationalist platform.

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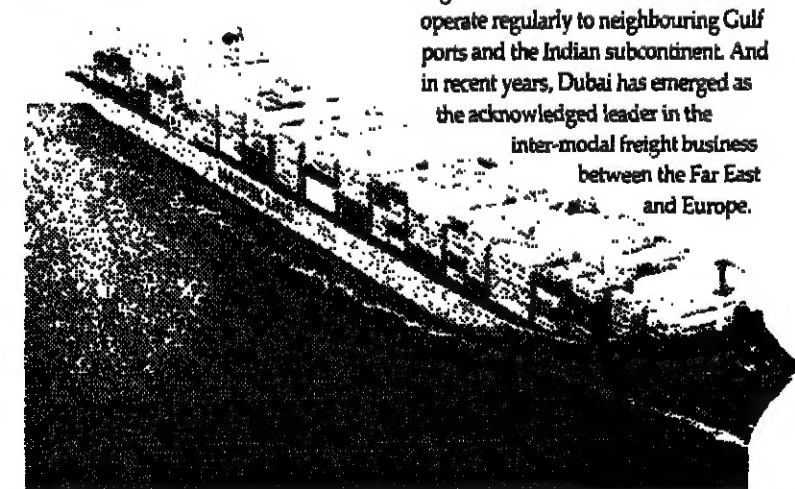
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So, instead of wondering where to locate your business, take some advice from Maersk and decide... decide on Dubai.

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Budget cuts stand little chance of success

By Christopher Bobinski in Warsaw

PLANNED budget spending cuts by Poland's embattled centre-right government led by Mr Jan Olszewski stand little chance of winning a majority in parliament when the document comes up for debate next month.

The International Monetary Fund has told the government that the budget deficit must stay within 5 per cent of GDP to guard against re-signalling

inflation. Should this target be overstepped, then Poland will jeopardise its chances of putting relations with the IMF back on an even keel.

Mr Olszewski's government has managed to find cuts worth 237,000bn (€1.56bn), and is seeking further savings of 237,000bn to cut the budget deficit to its 2,655,000bn target.

However, a cabinet meeting on Friday heard that the pro-

posed budget would mean cuts in subsidies to rail travel and coal production as well as job losses for school teachers and health service employees.

Last Thursday, parliament voted overwhelmingly for spending on health and education to be kept at last year's levels in real terms and is unlikely to accept the proposed cuts.

Mr Olszewski has said he

will resign if the draft is not approved by the politically fragmented parliament, where his parties jockey for position.

The World Bank has also warned the Poles that the budget deficit must be kept under control and is urging speedy privatisation and growth in the level of exports as the means of breaking out of the current impasse.

West hides behind Polish tariffs

Car makers show protective instincts, writes Christopher Bobinski



THE EUROPEAN MARKET

Polish manufacturers who have seen domestic markets eroded as a result of foreign cars flooding the country have been quick to appeal to the government for more protection.

Lately though, their case has been strengthened as they have watched western car makers exhibiting similar instincts in talks on investment deals in Poland.

After all, it was GM Europe which asked Poland to introduce a 35 per cent import tariff on cars as a condition of establishing its joint venture with Warsaw's ailing FSO plant agreed two weeks ago. And Fiat, which is still negotiating the purchase of a 51 per cent stake in the FSM plant in southern Poland, where its new Cinquecento model is being produced, is not averse to taking advantage of the resulting tariff wall that came in at the start of the year.

The EC reluctantly agreed to let the Poles raise the duty on cars from last year's 15 per cent to 35 per cent and included this in Poland's association agreement which aims to liberalise trade in industrial goods by the end of the century.

out of the Poles, thus effectively excluding Japanese manufacturers.

Under the initial agreement with the Poles, GM will assemble up to 35,000 Opel Astra models a year at FSO and will examine the possibility of producing a new model there to replace the outdated FSO Polonez.

However, much of GM's \$75m investment could well be financed through increased sales volumes in Poland under the duty free quota. Indeed earlier talks with GM before Christmas broke up without agreement when the outgoing Polish government decided that the revenues it would forego by giving GM the 40 per cent of the duty free import quota it wanted would be greater than the \$75m GM was willing to put on the table.

But the present centre-right government under Mr Jan Olszewski, which is keen to prove it wants western investment, decided to go ahead, trusting to GM's assurances that there would be more investment in FSO in coming years.

In January Mr Adam Glapiński, the new foreign trade minister, decreed that one third of the quota should go to Fiat, a third to GM and the rest to Volkswagen, on condition that each invested at least \$50m in production capacity in Poland.

The quota decision effectively soaked up the market for new imported cars. Although Poles imported about 300,000 used vehicles from abroad last year, the number of new models sold in the country through recognised dealer networks amounted to no more than 28,000.

The decision also raised howls of protest from French manufacturers who had planned to boost their sales in Poland this year and had spent heavily on developing retail and service networks. The French government got Brussels to suspend the car trading clauses in the association agreement pending talks aimed at getting Mr Glapiński's decision changed. The talks will take place this month.

Meanwhile Renault is pointing out that it is investing "over \$50m" in a retail network with a view to increasing sales in Poland from last year's 1,800 vehicles to an ambitious 15,000 cars this year. Citroën, whose offer to invest in FSO was deemed less attractive than GM's, is in a similar position.

Mr Jacques Calvet, chief executive of the Peugeot group which includes Citroën, said the company was continuing to pursue a joint venture with FSO, despite the memorandum of understanding with GM.

Peugeot was also negotiating a separate joint venture with FSC, a small van maker, for the possible assembly of the Peugeot 405 large family car in Lublin, he said.

Mr Xavier Karcher, head of the Citroën division, said the company was negotiating with FSO with a view to assembling the Citroën BX in Warsaw as a replacement for the FSO Polonez in direct competition with the plan by General Motors to develop an Opel car to replace the old Polish car range.

Mr Karcher insisted that Citroën could still win a deal with FSO for the more ambitious second stage of the modernisation of the FSO facilities.

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INTERNATIONAL NEWS

Long-haul campaign will portray Ankara as EC's invaluable partner

Turkey switches tactics in bid to join Community

By David Buchanan, recently in Istanbul

TURKEY has switched tactics in its bid to join the EC, away from demanding early admission and towards a long-haul campaign portraying itself as the new regional power in central Asia and therefore as Europe's invaluable partner.

Interviews with leaders of the new government this week confirmed its sights are still set on joining the EC, but that they have more immediate regional hopes and fears to preoccupy them. Paradoxically, banging less loudly on Brussels' door and devoting itself more to its regional concerns may improve Turkey's still-long-shot chances of gaining admission to the EC club.

Over time, the EC may be less inclined to look down on a Turkey increasingly looked up to by the Caucasian and central Asian republics as their model for achieving democratic capitalism. For all Turkish politicians, except those of the fundamentalist Welfare party, EC membership seems the main goal. Even the most distant prospect of membership has been a spur to improving the country's human rights

and economic performance, the issues on which prime minister Suleiman Demirel won power last year.

But though Turkey led, in 1987, the latest wave of EC applications, it keeps being sent to the back of the queue. Some Turkish politicians take this badly, notably President Turgut Ozal who masterminded the 1987 application. He sees EC criticism of Turkey's human rights records as "a made-up reason why Turkey should not join the EC. The real reason is that we are Moslems".

Mr Demirel professes to be more relaxed. He dismisses Mr Ozal's anti-Moslem theory. "We want to live and breathe in Europe. This is modern Turkey's choice and we don't care how long it takes". Mr Ozal wants to plunge into the only possible arrangement on offer from Brussels for the foreseeable future: a customs union in 1996. Only Turkish textile makers, the EC's largest supplier and frequent target of its dumping inquiries, would welcome such free trade. Most Turkish industrialists quiver

Paradoxically, banging less loudly on Brussels' door and devoting itself to cultivating its regional concerns, may in the end improve Turkey's long-shot chances of gaining admission to the EC club

at the thought of the cold blast free EC competition would send through their protected sectors.

They want some off-setting aid from Brussels, like the EC's Ecu500m (\$750m) protocol long blocked by Greece. But speaking to Brussels-based journalists, Mr Ozal said on Friday: "Let's have the customs union even without the financial aid." But the next day, Mr Demirel gave another indication he intends to use the operational powers he has as prime minister to play a cooler game towards the EC. "At the



Demirel, relaxed

moment, I think the customs union would be beneficial for Turkey, but there are four more years to go."

Few leading Turks think the ex-Soviet republics in the Caucasus and central Asia offer any economic or political alter-

native to the EC. Mr Ozal and Mr Demirel acknowledge the regional leadership role thrust on their country, but caution that Turkey, especially without western aid, can only make a modest impact. But Ankara ministries and Istanbul boardrooms are abuzz with plans for government aid, private ventures, and university scholarships for their Turkish cousins in the Commonwealth of Independent States (CIS).

This wider, eastern strategy of Turkey's is put at risk by the fighting in Nagorno-Karabakh, and the likelihood of Turkey siding with fellow-Muslim Azeris in the conflict. For this reason, Mr Demirel was at pains to dismiss sabre-rattling talk from President Ozal.

Signs are that Brussels is picking up Ankara's idea whereby the EC would lend central Asian CIS republics money to buy goods from Turkey. The Commission now wants to have diplomatic and economic ties with Asian, as well as European, members of the CIS.

If this happens, and if Greece continues to prevent Ecu-

going to Turkey, the latter will be, as one EC Commission official noted, "the only country between the Straits of Gibraltar and the Sea of Japan not to get EC aid".

But while Turkey may now have more geo-political worth to the EC, it still gets little EC esteem for its human rights record. The Demirel government may now be treating its Kurds better than the previous Motherland Party government did, and certainly better than Iraq and Iran treat their Kurds. But the question of any formal autonomy, of the kind that might separate most Kurds from the militants of the separatist Kurdish Workers Party (PKK), is still taboo.

Turkey's problem with the EC is it is chasing a moving target, a Community which keeps setting itself higher sights in terms of political and monetary union and which, as it enlarges to take in Scandinavians, will become more, not less, sensitive about human rights. But, says Mr Demirel, "we do not assume we will never reach the standards of Europe".

India may face snap poll if Rao loses vote today

By David Housego in New Delhi

INDIA'S political parties were yesterday facing the possibility of a snap general election if Prime Minister Narasimha Rao's government is defeated in a key parliamentary vote today.

Most observers believe an early election remains unlikely. But hurried meetings yesterday of the Congress party in the parliament groupings reflect the nervousness of politicians that the country could tumble into an early election.

Mr Rao's government is not sure of obtaining an absolute majority in the parliament today to defeat an Opposition motion condemning the administration's handling of inflation and unemployment.

The initial intention of the Opposition Hindu Bharatiya Janata Party (BJP) and the left parties had been simply to embarrass and humiliate the government through defeating it on an amendment. But at the end of last week, the prime minister responded with brinkmanship of his own by declaring that he would regard any defeat as bringing about the resignation of his government.

Mr Rao took such an extreme step in part to ensure he gets full party support in today's vote. But his move also reflects a cold calculation by the Congress party that it might substantially improve its parliamentary position in an early poll.

This reassessment of the Congress party's strategy comes at a time when the Congress is unexpectedly well in recent local elections in the Punjab and Bombay, and when the BJP is in disarray following its ill-planned march on



Rao: Brinkmanship

Kashmir.

The BJP, however, responded to the prime minister's brinkmanship yesterday with a display of cold nerves itself. The party's spokesman said that "nothing can be ruled out in Monday's showdown". But he added that if the government fell, it would be the responsibility of the Congress party.

The political crisis comes at a moment when the country's stock markets are due to open today after being closed since Wednesday in a bid to curb speculative fever.

In an unprecedented move, the presidents of the main stock markets called on investors to be cautious when the markets open.

Ivory Coast clamps down on opposition

By Julian Ozanne in Abidjan, Ivory Coast

MR Alasane Ouattara, prime minister of the Ivory Coast, has promised stiff measures against the political opposition, students and "law breakers" whose activities, he said, threatened one of the most far-reaching structural adjustment programmes under way in Africa.

In an interview with the Financial Times, Mr Ouattara said: "Last year we went through a tough period cleaning the economy, making it healthier. Now it is time to cleanse the political environment."

Since January the wave of anti-government demonstrations organised by students and the main opposition party, the Ivorian Popular Front (FPI), have erupted into violent rioting and destruction of property and cars on the streets of Abidjan.

Last Friday, the court gave jail sentences to 12 people for involvement in the most recent incident. Among those sentenced was Mr Laurent Gbagbo, leader of the FPI and a member of the National Assembly.

Reacting to the controversial court decision Mr Ouattara said: "They will have to know there are laws and if they break them they must be punished. We need a responsible opposition."

The prime minister said his 18-month-old "technocratic" government had moved swiftly to resuscitate the ailing economy, hit by falling prices, negative economic growth and external debts of \$14bn.

Last year the government moved from a four-year deficit into a surplus of CFA15bn (\$24m) on the budget balance before debt service payment. Radical measures to restrict imports and cut public expenditure, an estimated CFA1,000bn of domestic debt, including CFA450bn of arrears owed to the banking sector, are also under way.

Mr Ouattara said his government's privatisation programme would be speeded up over the next 12 months with eight companies including the telecommunications giant sold off to private investors. He ruled out devaluation of the West African franc zone.

Mitsotakis tries to calm shooting row

By Karin Hope in Athens

MR Constantine Mitsotakis, the Greek prime minister, has expressed regret over an incident on Friday in which the captain of a Turkish fishing boat was shot and killed after ramming a Greek Navy patrol vessel off the island of Leros.

Mr Mitsotakis said he was sorry about the shooting and hoped this "small problem will not affect Greek-Turkish relations in a more permanent way".

A Greek merchant marine ministry announcement issued earlier did not mention the captain's death, saying only that shots were exchanged as the Turkish vessel was being chased out of Greek territorial waters.

It was the first death reported in this kind of incident, which occurs fairly regularly in the narrow straits between the eastern Greek islands and Turkey.

Greek-Turkish tension was already high after the collapse last week of the latest round of United Nations-sponsored talks on the reunifying of Cyprus.

Dehaene government sworn in

By David Buchanan in Brussels

MR Jean-Luc Dehaene has been sworn in to succeed Mr Wilfried Martens, western Europe's longest-serving leader, at the head of Belgium's centre-left government.

After he and 15 other members of a slimmed-down cabinet were sworn into office by King Baudouin at the weekend, Mr Dehaene, 51, said he had tried, but failed, to find a ministerial post for his fellow-Flemish Christian Democrat and long-time mentor, Mr Mar-

tens. He had faced opposition from his party rank and file which wanted a change after the eight Martens governments over the past 13 years.

Continuity of a relatively restrictive fiscal policy and modernisation of Belgium's financial structure is assured by the fact that Mr Philippe Maystadt, a French-speaking Christian Democrat, remains finance minister. But little change is generally expected from a ruling coalition contain-

ing the same four French and Flemish-speaking Christian Democrat and socialist parties as its predecessor.

Now Belgium has a proper government for the first time since November 24, Air France's acquisition of a stake in Sabena, the Belgian state carrier, is likely. The Martens government was unable to decide on the deal, but Mr Bernard Attali, head of Air France, said yesterday he was sure it would soon go through.

US concern over Argentine missile link to Baghdad

By Jimmy Burns and Alan Friedman

THE US is finding it difficult to obtain from Argentina information about its Condor missile project, raising concern about the extent of transfers made to a sister-project in Baghdad that was part of Iraq's nuclear-capable missile development programme.

In a widely-publicised move last month, the Argentine government handed over control of the project to the National Commission on Space Affairs, which reports directly to President Carlos Menem.

At the same time, the Argentine government announced that "all projects with wartime purposes or goals to obtain armaments of mass destruction" had been "totally abandoned."

While Argentina's commitment to non-proliferation does not appear now in doubt, Western observers believe that the more crucial issue of the Condor's wider use to Iraq remains unresolved. The US is understood to have been seeking detailed information on the 10-fuel motors and guidance technology developed at the

Condor's production plant in Falda del Carmen, near Cordoba, and which are thought to have been shipped to Iraq.

The Falda del Carmen site included a parabolic antenna for the transmission of point-to-point microwave signals that the US believes carried data between Argentina and Iraqi procurement agents working in a network of front companies in Austria and Switzerland.

Washington's request for details about Argentina's plans for the Condor project has been conveyed to Buenos Aires in a series of communications from officials in the state department and from others in the Bush administration.

Officials in Washington say the Argentine air force has thus far provided only sketchy information about the project. The original plans for the project have mysteriously disappeared from air force archives over the past 18 months.

In the words of one Western observer: "The Argentine civilian government doesn't have

records of what went out from the project."

A state department official said yesterday that the US had "an ongoing dialogue with Buenos Aires" about the Condor missile project. But a US investigator tracking one portion of the Condor project disclosed yesterday that "parts of the US government have had very good information on the Argentine-Iraqi links because the US had a deep cover agent working in the Condor procurement network in Switzerland and Austria."

The Condor project is thought to have cost Iraq, Argentina and Egypt a total of \$4bn-\$5bn between 1984 and 1991, with funding coming mainly from Baghdad, technology flows going through Egypt and Jordan, and Argentina being used as a site for the development of a prototype and testing.

The Argentine side of the project, which cost an estimated \$600m between 1985 and 1989, officially ran out of steam two years ago because of lack of additional funds.

Corruption is 'dagger that twists deep in my heart' says Collor

By Christina Lamb in Rio de Janeiro

BRAZIL'S President Fernando Collor has admitted for the first time the damage caused by the wave of corruption scandals surrounding his government.

In an interview with O Globo newspaper at the weekend, Mr Collor said: "It's as though there was a dagger in my heart that cannot be pulled out. It just twists and twists further in, but I tell myself: Bear it, Collor, bear it."

Mr Collor came to power two years ago on an anti-corruption ticket, pledging not to make the numerous ministerial changes of previous governments. However, all but one of his original cabinet have been sacked or resigned, most under a cloud.

Police are currently investigating the health and labour ministers, who were dismissed last month. Mr Alencar Guerra,



Collor: first admission

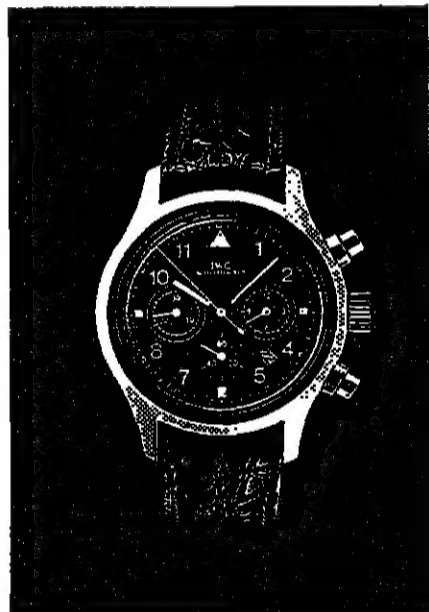
prices. Mr Antonio Magri, the ex-labour minister and union leader, was allegedly taped explaining to a subordinate how he had received \$30,000 from a company for parcelling out its social security dues.

Describing it "like money falling from the sky," he allegedly suggested they work together. He now claims this was an "honesty test".

For the first time, Mr Collor referred to his former economy minister, Mr Zelia Cardoso, who resigned last May, shocking the country with publication of an authorised biography detailing her personal life while in office.

Mr Collor said: "It was the first time a woman had held such an important position. No super-minister of previous governments had so much power. She wasted an historic opportunity."

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INTERNATIONAL NEWS

Mandela and Botha intervene in referendum

By Patti Waldmeir in Johannesburg

BOTH African National Congress President Nelson Mandela and former President P.W. Botha made strong interventions yesterday in the run-up to next week's whites-only referendum on ending apartheid, the former appealing for strong "yes" vote and the other saying approval would mean suicide for the Afrikaner people.

Neither, however, will have helped the cause of President F.W. de Klerk, who has staked his political future on achieving a landslide "yes" vote in the March 17 referendum.

Mr Mandela's plea, carried in the mass circulation Sunday Times newspaper, was aimed at white members of the ANC, who are very few in number. But the ultra-right Conservative Party can use his message of support as proof that he and Mr de Klerk are in alliance together - a charge which the Conservatives have exploited to frighten whites who oppose black rule.

At a weekend Conservative Party rally, one poster showed Mr de Klerk as a tiny figure begging at the knee of Mr Mandela, with the slogan "No to Mandela and his Klerk."

Mr Mandela yesterday promised a political system "in which all the country's inhabitants feel secure."

But he warned that a "no" vote would be read as a declaration of war by blacks, adding "if the hopes of the majority of

South Africans... are once more thwarted, the stress and upheavals of the past will be like a game of marbles."

Mr Botha's call for a "no" vote will also bolster the Conservative campaign. He told a weekend newspaper that a "yes" vote would lead to a government dominated by the ANC and its close ally, the South African Communist Party.

Ironically, it was Mr Botha who initiated the political reforms pursued so dramatically by Mr de Klerk. But the two have often quarrelled since Mr Botha resigned as President in August 1989.

The threat of a Communist takeover was also raised by right-wing parties at their weekend rally, with Mr Eugene Terreblanche, the most powerful orator of the right, claiming that the referendum was a choice between "God and the communists."

However, the rally, organised by the Conservative Party, the neo-Nazi Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) and the Herstigte Nasionale Party (Reconstituted National Party) was clearly a disappointment to the organisers.

They had predicted tens of thousands would attend the rally, but only around 3,000 people turned up, some dressed in the khaki uniform of the Afrikaner Resistance Movement.

US imposes fines for Libyan links

By Our Middle East Staff

THE US has fined six companies a total of \$550,000 (\$312,500) for violating sanctions against Libya imposed in 1986 for alleged Libyan terrorism in Europe.

The US Treasury Department's Office of Foreign Assets Control (OFAC), announcing the fines, said this was a "warning to companies throughout the world that they may not do business with Libya from or through the United States."

OFAC also said the measures underscored the US administration's "determination in dealing with the terrorist regime of Muammar Gaddafi."

Among companies named by OFAC were Fina Exploration Libya, a subsidiary of Petrofina; Security Pacific International Bank; Vitol S.A. Inc, a Houston company; Europrojet, based in Yugoslavia; General Bank in New York; and Jorgbanka of Yugoslavia.

The latest OFAC listings coincide with steps at the

United Nations to impose limited sanctions against Libya over its refusal to hand over to the US or Britain two Libyans allegedly involved in the 1988 bombing of a Pan Am jet over Lockerbie, Scotland.

US companies have been banned from doing business with some 60 commercial enterprises and two dozen individuals regarded as Libyan or Libyan-controlled.

Malta has not and will not offer to host a trial of Libyans suspected of blowing up a Pan Am airliner, an official government statement said yesterday, Reuters reports from Cairo.

"The position of the government of Malta is that it has made no offer to host any trial. Nor has it any intention to make such an offer," said the government statement.

It was clarifying remarks by Malta's foreign minister, Guido de Marco, who Malta would consider a Libyan proposal to allow the two suspects to be tried on the island "if the parties involved agreed."

Japanese government seeks to nurse an ailing yen

By Robert Thomson in Tokyo

THE JAPANESE government, having begun the year fearing that a strong yen would spiral ever higher, yesterday contemplates new ways of bolstering a surprisingly weak yen that is showing signs of becoming even weaker.

Officials at the Ministry of Finance and the Bank of Japan gathered to discuss the currency's weakness and indicated that the central bank may buy the German mark this week in an indirect attempt to strengthen the yen by undermining the US dollar.

Tokyo has been bewildered by the course of the currency in recent weeks and is worried that the yen's weakness, which benefits Japan's export industries, will fuel an already surging trade surplus and create more

problems in US relations. Meanwhile, the Bank of Japan, under extreme political pressure to stimulate the ailing domestic economy by cutting official interest rates, is having to balance the timing of the cut with concerns that a reduction could further weaken the yen.

The government has also been confused by US tolerance of the dollar's strength. US officials had called for yen appreciation in the period before and immediately after President George Bush's controversial visit to Japan in January, when an apparently fragile dollar traded at Y122.

At the time, Japanese executives publicly discussed whether their companies would be able to cope with

Y110 to the dollar, but instead, the yen headed quickly in the opposite direction.

Late last week, it was just below Y132 and there was talk on the Tokyo foreign exchange market that the Y140 level would soon be tested.

Dealers are convinced that the Bush administration has changed its policy priorities and is happy to see the dollar strengthen in tandem with signs of US economic recovery. Mr Tomio Kudo, director of foreign exchange at Melton Tradition, said that the yen's turnaround is a result of the breakdown of currency co-ordination among the Group of Seven industrialised countries.

"There appeared to be international agreement on the need for a strong

yen, but there was no evidence that the US was supporting the Japanese currency," Mr Kudo said.

"When intervention didn't come, traders who had positions against the dollar had to make corrections, and this movement strengthened the dollar."

Other traders said that the slowing of the Japanese economy and the surfacing of new political scandals had prompted an international reassessment of the yen's worth, even though the country's current account surplus is likely to reach a record high this year.

Mr Tsutomu Hata, the finance minister, blamed "speculators" for the yen's weakness, saying that the present exchange rates "do not reflect economic fundamentals." He indicated Tokyo's concerns about trade friction by saying: "A strong dollar will not help the US increase exports."

Ms Chiharu Shima, an economist at JBS Phillips & Drew, said the Bank of Japan is likely to reduce the official discount rate (ODR) from 4.5 per cent to 4 per cent in the near future but that the timing of the announcement has been complicated by the unexpected currency fluctuations.

"There is a perception among foreigners that the Japanese economy is in really bad shape, but Japanese dealers tend to think the foreign reaction is too strong," Ms Shima said. "It is interesting that the US doesn't seem so concerned about the effects on Japan's trade surplus."

Textile trade pulls wool over eyes of consumers

By Yvonne Preston in Beijing

THE label on the dark grey Chinese-made men's suit claimed "pure new wool," and bore the International Wool Secretariat's symbol of quality, the Woolmark. Analysis showed the suit to be 68.1 per cent polyester.

The label on a made-in-China sweater combined the pure wool symbol with the equally famous Lacoste crocodile and the slogan "pure cotton."

The fake marks are the tip of an iceberg of Chinese abuse of international trademarks, licences, copyright and patents, which has angered businessmen and traders and earlier this year invited the threat of US trade sanctions.

Alerted to the Woolmark abuse, the International Wool Secretariat began collecting evidence and at a press conference in Beijing warned of tough action against the culprits. Most are small township and rural enterprises in the free-wheeling southern and eastern coastal provinces of Zhejiang, Guangdong and Hebei, where enterprising private manufacturers are producing fake wines, fake watches, fake bicycles and falsely labelled garments.

Manufacturers bring in a suit from Taiwan or Hong Kong, pull it to pieces and remake it, down to its made in Hong Kong label and the Hong Kong licence or serial number. Rolls of appropriate labels are available in city markets. In Tianjin the IWS found stick-on Woolmarks which attached to a suit could double its price.

The Ministry of Textile Industry said the market was full of fakes and it could do nothing, but the Chinese Patent Agency, faced with mounting criticism abroad of China's abuse of registered trademarks, took action.

Some private stores in Beijing's main shopping street have been fined, but fines are too small to be a deterrent.

China to start HK consultations with UK today



Qian Qichen: UK to press China on human rights

QIAN QICHEN, China's foreign minister, holds talks today in London with the British government as part of a consultation process over Hong Kong established when Mr John Major, the prime minister, visited Beijing last September to sign an agreement on the territory's new airport, writes Alexander Nicol, Asia editor.

Britain and China agreed on six-monthly meetings at foreign secretary level in order to head off misunderstandings such as the dispute over the airport. China will assume sovereignty over the British colony in 1997.

As well as meeting Mr Douglas Hurd, foreign secretary, Qian will see Mr Major and two

of his Conservative predecessors, Mr Edward Heath and Mrs Margaret Thatcher, and Mr Gerald Kaufman, Labour's foreign affairs spokesman.

Mr Major is expected to raise human rights as well as arms control and issues of common interest to the two countries as permanent members of the UN Security Council, including the progress of the Cambodian peace process.

During his Beijing visit, Mr Major said he would take a personal interest in Mr Hurd's discussions on human rights with Qian.

He said Britain intended to maintain "unrelenting and unremittent" pressure to win the release of political dissi-

dents and other detainees, and presented Li Peng, China's prime minister, with a list of individual cases.

In their talks on Hong Kong, Mr Hurd and Qian are expected to discuss the promotion of investment, a new air service agreement, arrangements for a British consulate-general in Hong Kong, Vietnamese boat people, and the work of the Joint Liaison Group which maps out the detailed arrangements for Hong Kong's future.

Mr Hurd is not expected to discuss with Qian two issues of burning interest in Hong Kong: the governorship and the speed of the introduction of democratic processes.

Lord Wilson, present governor, is to retire this year and London is expected to appoint his successor, likely to be the last UK-appointed governor, after the elections. The government is unlikely to consult Beijing on the appointment.

Mr Hurd has said that he would raise with China the question of accelerating the pace of democratic reform in Hong Kong beyond that already agreed with Beijing. However, he is understood to believe that the time is not yet ripe to do so.

The Chinese government rules out a revision of Hong Kong's Basic Law to accommodate a large number of directly elected seats on the Legislative Council.

Premier hints at possibility of political reform

Colina MacDougall perceives a shifting of emphasis in the Chinese leader's attitudes

FOR THE FIRST first time since the 1989 Tiananmen troubles, a hint of political change has dawned in China. Li Peng, China's usually hardline premier, declared at a State Council meeting this month that economic reform should be "matched with political reform."

This follows the initiative launched by Deng Xiaoping, the country's supreme leader, to boost economic reform, which is currently sweeping the country. Deng spent time in south China and Shanghai last month praising the "open policy" and the capitalist features of the Special Economic Zones. These SEZs, set up to attract foreign investment, display economic growth far beyond that elsewhere in China.

Diplomats in Beijing said it was unlikely that Li's remarks meant he was calling for a more pluralist system. He was more probably referring to the administrative reforms China had tried to launch in the mid-1980s. But as one diplomat noted: "Once this kind of thing is on the agenda, it's likely to stray further afield, further than the leaders want it to."

Li's comments are the latest and most important sign yet of

house arrest since June 1989, had recently been consulted on economic policy.

Even the hardliners seem reluctantly to have agreed that economic reform is required to maintain stability, since growing living standards mean less discontent. Deng's speeches in the SEZs of the south are now being studied throughout China, in preparation for the session of the National People's Congress, the rubber-stamp parliament, later this month.

The evaporation of Marxism-Leninism in the formerly socialist world may have something to do with this new approach. Deng was probably speaking for all worried offi-

cials when he reportedly noted in Shenzhen, the SEZ adjoining Hong Kong: "Everything can collapse very quickly if mismanaged. Did east Europe and the Soviet Union not crumble overnight?"

Deng has apparently not minced words in his battle against the conservatives for economic reform. In his speeches reportedly conveyed to the enlarged meeting of the politburo in mid-February by Jiang Zemin, the party leader and Deng protégé, he declared:

"Some comrades have opposed opening up right from the start, not just once, but consistently." All this year the Hong Kong Chinese press, which often has excellent contacts inside China, has been awash with tales of disputes between him and the old guard.

The elders are fighting for more than their own positions. They plan to ensure their children will inherit power on their demise since they can probably be trusted to continue the party line.

Many hold key jobs in the hierarchy, unsurprisingly in a society where the concept of family holds sway. As the conservative patriarch Chen Yun said a few weeks ago, "the children will not pull down the

monuments of their parents." Chen Yun's son, Chen Yun, is a vice-governor of the People's Bank of China, the central bank. Wang Zhen's son Wang Jun is a director of the key China International Trust and Investment Corporation. Deng's own children are in top positions, with a son-in-law controlling a major part of China's arms sales.

More than half the potential central committee candidates (to be elected at the forthcoming party congress) are the offspring of high-level officials, the "party princes," as the Hong Kong Chinese press ironically calls them.

This does not mean they share the political views of their parents (foreigners who have met them believe they are more liberal than the previous generation) but they are certain to support the power of party rule since it confers privileges.

The leaders, Deng included, draw a sharp distinction between economic and genuinely political issues. But since all the previous bursts of economic reform have been followed by rising political demands, it remains to be seen whether Beijing can successfully ride the tiger.

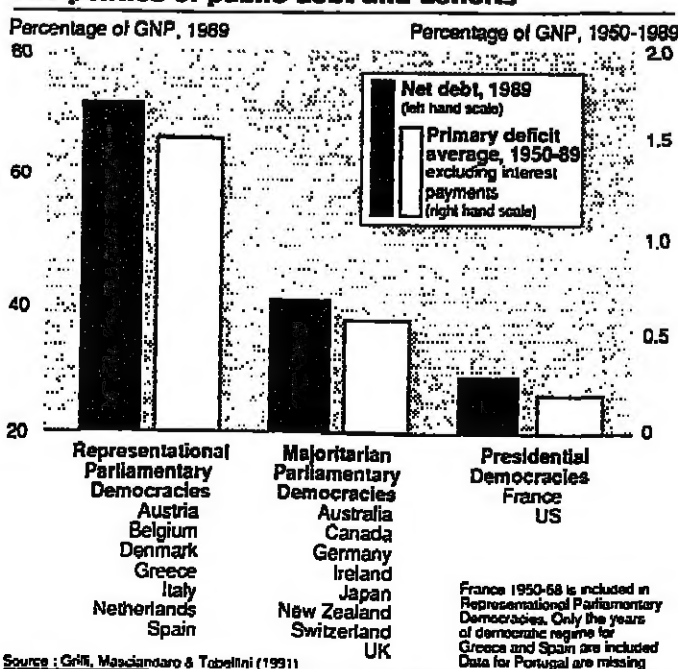
INTERNATIONAL ECONOMIC INDICATORS: GOVERNMENT FINANCE

This table shows the main series relevant to the international comparison of general government finance. The first tier gives an overview, and the second and third tiers give a breakdown of revenue and expenditure respectively. All figures are expressed as percentages of nominal GDP/GNP.

| UNITED STATES | | | | | | | | | | JAPAN | | | | | GERMANY | | | | | FRANCE | | | | | ITALY | | | | | UNITED KINGDOM | | | | | | | | |
|---------------|-----------------|------------------|-------------------|-----------------|----------|-----------------|------------------|-------------------|-----------------|----------|-----------------|------------------|-------------------|-----------------|----------|-----------------|------------------|-------------------|-----------------|----------|-----------------|------------------|-------------------|-----------------|----------|-----------------|------------------|-------------------|-----------------|----------------|-----------------|------------------|-------------------|-----------------|----------|----------|------|------|
| OVERVIEW | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | Revenue | Expenditure | Primary Balance | Grants | Net Debt | OVERVIEW | | |
| 1970 | 28.9 | 31.7 | 0.2 | 45.8 | 30.0 | 20.6 | 19.4 | 1.3 | 12.1 | -6.5 | 36.3 | 36.8 | 1.9 | 0.2 | -0.1 | 39.7 | 38.5 | 1.3 | n.a. | n.a. | 30.4 | 34.2 | -3.1 | n.a. | n.a. | 40.2 | 38.6 | 1.6 | n.a. | n.a. | 40.2 | 38.6 | 1.6 | n.a. | n.a. | 1970 | | |
| 1975 | 30.8 | 34.7 | -2.9 | 42.6 | 27.4 | 24.0 | 27.2 | -2.9 | 22.4 | -2.1 | 42.7 | 48.9 | -4.1 | 25.0 | 1.0 | 39.7 | 43.4 | -1.9 | 25.8 | 11.1 | 31.2 | 43.2 | -1.0 | 59.8 | 65.8 | 40.3 | 46.4 | -2.5 | 65.3 | 57.4 | 40.3 | 46.4 | -2.5 | 65.3 | 57.4 | 1975 | | |
| 1980 | 31.3 | 37.7 | -0.6 | 48.8 | 27.4 | 27.6 | 32.7 | -0.6 | 32.7 | 16.5 | 44.6 | 48.1 | -2.5 | 22.0 | 1.1 | 33.8 | 47.6 | -3.8 | 22.0 | 1.1 | 33.8 | 47.6 | -3.8 | 22.0 | 1.1 | 33.8 | 47.6 | -3.8 | 22.0 | 1.1 | 33.8 | 47.6 | -3.8 | 22.0 | 1.1 | 33.8 | 47.6 | 1980 |
| 1985 | 31.3 | 36.7 | -1.0 | 48.8 | 27.4 | 30.8 | 32.3 | 0.9 | 25.5 | 25.6 | 45.6 | 47.5 | -1.1 | 22.5 | 22.0 | 47.6 | 51.1 | 0.3 | 47.3 | 24.8 | 39.2 | 50.5 | -3.6 | 53.0 | 50.9 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 1985 | | |
| 1987 | 32.0 | 36.8 | -0.1 | 52.9 | 31.1 | 33.1 | 32.6 | 2.5 | 72.4 | 21.7 | 44.4 | 47.0 | 0.5 | 44.0 | 23.1 | 47.4 | 51.1 | 0.3 | 47.3 | 24.8 | 39.2 | 50.5 | -3.6 | 53.0 | 50.9 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 1987 | | |
| 1989 | 31.3 | 35.1 | 0.2 | 53.8 | 31.1 | 33.1 | 32.6 | 2.5 | 72.4 | 21.7 | 44.4 | 47.0 | 0.5 | 44.0 | 23.1 | 47.4 | 51.1 | 0.3 | 47.3 | 24.8 | 39.2 | 50.5 | -3.6 | 53.0 | 50.9 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 40.8 | 43.0 | 1.8 | 53.1 | 45.8 | 1989 | | |
| 1991 | 31.8 | 36.1 | 0.7 | 54.2 | 30.8 | 32.8 | 30.7 | 3.3 | 65.4 | 10.9 | 44.6 | 46.5 | 1.9 | 41.2 | 21.7 | 46.7 | 50.4 | 0.9 | 48.5 | 24.8 | 42.2 | 53.2 | -1.5 | 11.1 | 56.2 | 40.0 | 42.9 | 1.5 | 35.5 | 29.0 | 40.0 | 42.9 | 1.5 | 35.5 | 29.0 | 1991 | | |
| 1990 | 31.9 | 37.0 | 0.1 | 56.9 | 34.5 | 32.8 | 30.7 | 3.3 | 65.4 | 10.9 | 45.0 | 43.3 | -0.6 | 41.2 | 21.7 | 46.7 | 50.4 | 0.9 | 48.5 | 24.8 | 42.2 | 53.2 | -1.5 | 11.1 | 56.2 | 40.0 | 42.9 | 1.5 | 35.5 | 29.0 | 40.0 | 42.9 | 1.5 | 35.5 | 29.0 | 1990 | | |
| REVENUE | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | Personal Income | Corporate Income | Indirect Taxation | Social Security | Property | REVENUE | | |
| 1970 | 10.3 | 3.7 | 5.6 | 5.8 | 4.0 | 4.2 | 5.2 | 4.4 | 4.4 | 1.5 | 8.8 | 1.9 | 10.5 | 10.0 | 1.6 | 4.2 | 2.2 | 13.4 | 12.7 | 1.2 | 2.8 | 1.7 | 10.1 | 9.8 | 1.6 | 11.6 | 3.3 | 10.6 | 5.1 | 4.8 | 11.6 | 3.3 | 10.6 | 5.1 | 4.8 | 1970 | | |
| 1975 | 9.3 | 3.1 | 1.9 | 5.8 | 3.6 | 4.2 | 3.4 | 4.3 | 4.1 | 1.9 | 10.9 | 1.5 | 12.7 | 12.0 | 1.4 | 4.2 | 2.2 | 13.4 | 12.0 | 1.4 | 4.0 | 1.7 | 7.7 | 12.0 | 0.9 | 13.5 | 2.4 | 9.0 | 5.2 | 4.5 | 13.5 | 2.4 | 9.0 | 5.2 | 4.5 | 1975 | | |
| 1980 | 10.9 | 3.0 | 4.9 | 7.7 | 3.0 | 6.2 | 6.3 | 4.2 | 7.4 | 2.1 | 11.3 | 12.1 | 1.0 | 10.5 | 1.6 | 5.4 | 2.1 | 12.7 | 17.8 | 1.5 | 7.0 | 2.0 | 4.4 | 11.7 | 0.7 | 11.8 | 8.1 | 5.2 | 4.5 | 11.8 | 8.1 | 5.2 | 4.5 | 11.8 | 8.1 | 5.2 | 4.5 | 1980 |
| 1985 | 10.4 | 2.1 | 5.2 | 8.9 | 2.9 | 6.8 | 5.8 | 3.8 | 8.4 | 2.7 | 10.9 | 2.3 | 8.7 | 13.9 | 1.1 | 5.7 | 2.0 | 13.2 | 19.3 | 1.8 | 6.2 | 3.2 | 8.7 | 11.9 | 0.9 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 1985 | | |
| 1987 | 10.5 | 2.4 | 6.0 | 8.7 | 3.1 | 7.1 | 6.5 | 3.9 | 8.5 | 3.3 | 11.0 | 1.9 | 9.6 | 14.1 | 1.2 | 5.7 | 2.3 | 13.0 | 18.1 | 2.1 | 9.5 | 3.8 | 8.6 | 12.4 | 0.9 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 1987 | | |
| 1989 | 10.4 | 2.5 | 5.0 | 8.6 | 3.1 | 7.1 | 6.5 | 3.9 | 8.5 | 3.3 | 11.0 | 1.9 | 9.6 | 14.1 | 1.2 | 5.7 | 2.3 | 13.0 | 19.0 | 2.2 | 9.5 | 3.8 | 8.6 | 12.4 | 0.9 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 12.0 | 2.4 | 10.3 | 5.8 | 4.2 | 1989 | | |
| 1998 | 10.7 | 2.6 | 4.9 | 8.6 | 3.1 | 7.5 | 7.5 | 3.9 | 8.5 | 3.1 | 11.2 | 2.1 | 9.7 | 13.6 | 1.2 | 5.2 | 2.4 | 12.6 | 19.2 | 2.2 | 10.1 | 3.9 | 8.6 | 12.5 | 0.9 | 12.7 | 2.7 | 11.6 | 10.3 | 4.9 | 12.7 | 2.7 | 11.6 | 10.3 | 4.9 | 1998 | | |

Notes: All figures refer to general government finance. First tier (overview): The primary balance is the overall balance (revenue minus expenditure) less net interest payments on public debt. Second tier (revenue): Direct taxation (on incomes, profits and capital gains), is here split into personal and corporate. Indirect tax is mostly that on expenditure, either general (eg VAT) or specific (eg customs duties). Also includes taxes on vehicles. Third tier (expenditure): government purchases of goods and services for consumption and for investment (gross fixed capital formation). The expenditure breakdown excludes debt interest payments, subsidies, and capital transfers. Health and Education figures include current and capital expenditure. Source: OECD.

The politics of public debt and deficits



Taxes, public indebtedness and democracy

THE SIZE and role of the public sector is a hot political topic across the world. In the US, George Bush is in trouble with some republicans for raising taxes to cut the deficit. In the UK, the question is not whether to borrow, but instead whether a higher deficit should fund tax cuts or public investment. While in Italy, almost every politician would like to cut government borrowing, yet no politician is able to do so.

International comparisons of public spending and taxation are increasingly creeping into these national political debates. This is particularly true in Europe, because of the pressure to harmonise national tax systems and the limits on public deficits and debt contained in the Maastricht treaty. This week's special table provides an overview of the activities of the public sector in each of the six largest industrialised economies over the past twenty years. All figures are expressed as a per-

centage of gross domestic product and refer to "general government", which consists of central government, state, regional and local authorities and the social security system.

Europe is the continent of big government, although the public sector has grown everywhere over the past 20 years. In 1990, total government expenditure accounted for 37 per cent of GDP in the US and 31 per cent in Japan but over 50 per cent in both France and Italy. The UK remains somewhere in between, with a lower ratio of government spending to GDP than its continental European partners and less public investment than any country, except the US. European countries have also tended to rely more on indirect taxes, particularly value-added tax, and on social security taxes than either the US or Japan.

Reducing the size of the public sector has been a persistent theme of recent OECD economic

reports. Public sector deficits grew rapidly in the first half of the 1980s, while rising government debt and higher real interest rates increased the burden of interest payments. But until the current economic downturn, the primary budget, excluding debt interest payments, of these countries, except Italy, had moved back into surplus.

Nevertheless, the bulk of the fiscal retrenchment among OECD countries has come about through higher taxes, rather than lower spending. Of the 1.4 percentage point fall between 1984 and 1990 in the average deficit-to-GDP ratio, revenues accounted for 0.9 percentage points and expenditures for only 0.5 percentage points.

France, Germany and the UK are exceptions to this rule. Not all OECD countries have brought their deficits and debt under control. Italy, Greece and the Netherlands, in particular, have had persistent primary bud-

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THE



"I am proud of ICI's conservation record on Teesside. Our successful partnership there serves as a powerful example of what can be achieved by industry working together with conservationists and local communities."

Sir Denys Henderson
Chairman, ICI PLC

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Professor David Bellamy

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Secretary of State
for the Environment

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The Rt. Hon. Lord Crickhowell
Chairman,
National Rivers Authority

"I am president of the RSNC, a Partnership of 47 Wildlife Trusts working throughout the UK to secure the future of the countryside and its wildlife. The Partnership is particularly concerned with reversing the fortunes of rivers and wetlands. They are in trouble and urgent action is needed. I welcome this new initiative to restore Teesmouth's wetlands to their former glory."

Sir David Attenborough
CVO, CBE, FRS, President, RSNC

SIDE OF TEES *Teesside* SIDE

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**For more details contact: Duncan Hall,
Chief Executive, Teesside Development
Corporation, Dunedin House, Riverside Quay,
Stockton-on-Tees, Cleveland TS17 6BJ.
Tel: (0642) 677123 Fax: (0642) 676123.**

**TEES/SIDE
DEVELOPMENT
CORPORATION**



UK NEWS

Election '92: Labour discusses new constitution • Liberal Democrats seek political revival • Tories promise economic recovery

Constitutional reform backed by Opposition

By Alison Smith

THE NEED for a new constitutional relationship between the individual, the community and the government will be spelt out today by Mr Gordon Brown, the opposition Labour party's spokesman on trade and industry.

As proportional representation is again highlighted as a way Labour could attract support from Liberal Democrats, Mr Brown will make the case for a broader constitutional agenda, including freedom of information, moves towards a written constitution and the concept of economic rights.

In the first of a series of lectures organised by Charter 88, the constitutional reform movement, Mr Brown is expected to argue that constitutional change "is not incidental but integral to our future as a country. It is not a sideshow at the election but centre stage".

Yesterday, however, Labour played down the prospects of making a commitment to proportional representation for elections to Westminster.

Party officials said the mani-

fest would not offer a royal commission on the subject, but would upgrade the importance of the Labour-backed electoral reform committee chaired by Professor Raymond Plant.

Mr Robin Cook, the party's health spokesman and a supporter of electoral reform said yesterday: "The Plant committee's work will continue in government and of course it will be a much more powerful and influential body than because it will not be a sub-committee of an opposition. It will be a committee, a strengthened committee reporting to a government with power to act".

Slightly ahead of the Tories according to the most recent polls, Labour is confident that the Budget, which will dominate this week, will have little effect on voting.

The party believes that its "borrowing to bribe" campaign over the past few weeks has neutralised any tax cuts, while a package of measures intended to bring about recovery will, it argues, enable it to claim that it has won the argument.

By Ralph Atkins in Glasgow

CHANGE in Britain's political system and economic revival were set at the centre of Liberal Democrat aspirations for the general election yesterday by Mr Paddy Ashdown, the party leader.

Rallying his party at a conference in Glasgow, Scotland, Mr Ashdown attacked accusations that a Liberal Democrat vote is a wasted vote. "Never before has the ground for political change been so well prepared," he said.

On the economy, he warned: "The Tories offer paralysis and Labour offer timidity." He called for public investment, an independent central bank - and hinted he would reverse any tax cuts in Tuesday's Budget.

He welcomed moves by Labour towards including moves towards proportional representation in its manifesto but the party had to "bite the bullet" and come out unequivocally in favour of reform.

He risked clouding his party's message, however, with a complex stance on Scottish "home rule". Mr Malcolm Bruce, Scottish spokesman, admitted the party was only "half way" towards persuading voters why Scotland would not have a guarantee of its rights under a devolved system until Britain has a fair and representative democracy.



Winning smile: Paddy Ashdown gets an ovation from colleagues Roy Jenkins, left, and Charles Kennedy, right

The passion among the party's 10 MPs in Scotland at the prospect of "home rule" is an emotion that could threaten the party's cohesion if Mr Ashdown sought to vote down a minority government offering devolution but not full-blown constitutional reform.

The 10 Scottish MPs do not need special concessions. In all but one of the constituencies,

the main challenger is the Conservative party, not Labour or the Scottish nationalists.

Yet Mr Ashdown knows the Liberal Democrats appeal has to be broader based if he is to make an impact in constituencies in the south west and south east of England where the Alliance parties were second to the Conservatives in 1987.

So the party's MPs have agreed changes in Scotland must be subordinate to Mr Ashdown's top priority - electoral reform at Westminster.

The party's "My Vote" slogan, splashed across a giant orange sun over the Glasgow conference platform, is aimed at encouraging voters to make every ballot paper count.

"Ours will be the vote which

breaks the log-jam holding back change in our country. My vote is for an election which is positive," read the peroration to Mr Ashdown's speech.

In reality, however, most Liberal Democrats fully expect Labour or the Tories to attempt to run a minority government before calling Mr Ashdown.

UK recovery 'depends on' Tory victory

By Philip Stephens, Political Editor

MR JOHN Major has launched an intense campaign to persuade the voters that a fourth Conservative term is a prerequisite for the economy's emergence from recession.

As the prime minister trailed his manifesto at a weekend conference of party activists, he stressed that the promised economic recovery now depended on a Conservative victory on April 9. Among the ideas in the manifesto will be a strategy for a new drive to regenerate inner cities.

Since the start of the year Mr Major has been blaming the length of the recession on the world economic downturn. Senior colleagues said that approach had been judged a success. The aim now was to combine the voters' awareness of the worsening international outlook with a perception that the upturn in Britain was being held back also by political uncertainty.

Mr Major foreshadowed the new strategy by telling the party's weekend local government conference that a Conservative victory was "crucial" because: "Britain is ready to come out of recession - and only a Conservative government can safely bring it out".

Government abandons pre-election plan for big bang sales of state rail network
Ministers favour piecemeal BR privatisation

By Richard Tomkins, Transport Correspondent

GOVERNMENT ministers have formally agreed to abandon plans to privatise British Rail (BR) in one "big bang" within the lifetime of the next parliament.

Instead the Conservative Party election manifesto will pave the way for a creeping denationalisation of the state railway network which could stretch to the end of the decade or beyond.

The turnabout appears to have resulted from a recognition of the overwhelming practical difficulties facing any of the suggested options for breaking up BR and selling it outright.

It is likely to be seen as a victory for Sir Bob Reid, whose short career as BR's chairman had at one stage seemed destined to culminate in the break-up and abolition of the corporation within the next five years. It will also feed the belief among some railway industry observers that the privatisation plans have been undermined by a reluctance

among Department of Transport officials to see an erosion of their power base.

Under the new plan, privatisation - or denationalisation, as transport ministers are now calling it - will be a gradual process.

The first step will be to remove BR's statutory monopoly over the railways and open the tracks to anyone who wants to operate trains. This will mean setting up a regulatory authority to see that BR gives all operators equal access to its tracks and stations.

The next step will be to sell Railfreight, BR's freight division, to the private sector. This can be done quickly because the division has good profits and its trains do not carry voters.

Finally, the government will seek a slow and cautious transfer of BR's passenger services - but not its tracks - to the private sector.

Services, or groups of services, which deliver returns high enough to satisfy the private sector could be sold outright. Loss-making but socially necessary services could be franchised out to operators requiring the lowest subsidies.

Eventually, when all Britain's train services are being operated by the private sector, BR could be left as a residuary body owning just the tracks.

The scale of investment needed, however, to bring some services to profitability means this stage is unlikely to be reached till well into the next decade.

A high priority for government ministers involved in deciding the new approach has been the need to allay fears among voters that a "big bang" privatisation could mean higher fares and cuts in services.

The Tory manifesto will emphasise that the plan will mean extra services,

not fewer ones, because new operators will operate trains alongside BR's. Loss-making but socially necessary services will continue to be subsidised.

Although the plans appear to differ markedly from those advocated by Mr Malcolm Rifkind, the transport secretary, last year, Mr Rifkind has thrown his weight behind them, letting it be known that he is "delighted" at the outcome.

● The Department of Transport has become "bewitched by roads" to the virtual exclusion of all other modes of transport, according to an environmental pressure group.

Major changes are needed in the department's structure and operation, said the report, from the Council for the Protection of Rural England (CPRE). It said rail services did not receive enough attention from transport officials.

Background, Page 13

BRITAIN IN BRIEF



Industry fears higher prices for electricity

Mr John Wakeham, the energy secretary, is allowing Nuclear Electric, the state-owned nuclear generator, to force up electricity prices, according to leading industrialists.

That attack on the new electricity market will deepen the row about electricity prices will further embarrass Mr Wakeham before the general election.

The industrialists, including Blue Circle, GKN and other large electricity users, say they face increases in their electricity bills of between 15 per cent and 30 per cent because Nuclear Electric, which operates the nuclear stations of England and Wales, sets the electricity price in spite of having only about 20 per cent market share.

Relaxed share schemes urged

The chancellor of the exchequer should use the Budget to lift restrictions on EC companies that want to offer tax-assisted share schemes to employees in their UK subsidiaries, according to the Bow Group, the Conservative think-tank.

The move should be the first step in a government-led campaign for recognition by all EC governments of employee profit and share schemes approved in any member country, says the group in a paper by Mr Ian Taylor, the Conservative MP.

"Opting out of the social protocol at Maastricht was necessary - but the government now must counter-attack. It must argue for a more company-based policy towards employee relations and benefits and one which opens up opportunities for employees to become shareholders in the company for which they work," says the paper.

Gas and oil output to rise

Production of UK oil and gas is expected to rise steadily over the coming years before peaking later in the decade, according to the latest forecast from the Petroleum Services Group at Arthur Andersen.

The accountancy firm predicts that oil output will rise to 2.1m barrels a day this year from 1.9m last year, reaching a peak of 2.7m in 1995. This will be slightly higher than the previous 2.5m peak in 1986.

Gas output, which reached 5.2bn cubic feet a day last year, will rise steadily to a peak of 8.9m cu ft in 1998.

DTI to appeal over mergers

The Department of Trade and Industry and the Monopolies and Mergers Commission have been given leave by the Law Lords, Britain's most senior judges, to appeal in the South

Yorkshire Transport (SYT) bus mergers case. Government attempts to slow takeover activity in the bus industry suffered a serious setback in November when the Appeal Court upheld a High Court ruling overturning an MMC decision that SYT should sell four rival bus companies acquired in 1989. The appeal is not expected to be heard by the Law Lords before the summer.

Ulster leaders discuss talks

Ulster's political leaders are expected to concentrate on setting an agenda for post-general election talks when they meet in Belfast.

Unionist leaders Mr James Moynihan and the Rev Ian Paisley, Alliance leader Dr John Alderdice and Mr John Hume, of the nationalist Social Democratic Labour Party, will examine ways of re-starting inter-party talks which collapsed last July.

The first stage is concentrating on finding an acceptable formula for governing Northern Ireland. It is understood the four leaders are determined not to conduct negotiations through the media and will keep their discussions private.

TUC attacks short-termism

Manufacturers will have to abandon the short-term culture which has characterised their post-war development if Britain is to build a new generation of world-class companies, according to a study completed by the Trades Union Congress.

The study, which will form the centrepiece of a one-day conference in London today, says British industry's preoccupation with short-term returns is one of the fundamental reasons why it has failed to compete with faster-growing OECD countries.

According to a TUC "checklist for action", the challenges

Teachers 'face' job losses

Teachers face thousands of job losses next year with council education cuts set to reach £200m, according to the National Association of Schoolmasters and Union of Women Teachers.

County councils, many of them Conservative-controlled, would be worst-hit, according to a survey of the initial spending plans of English and Welsh local authorities by the union.

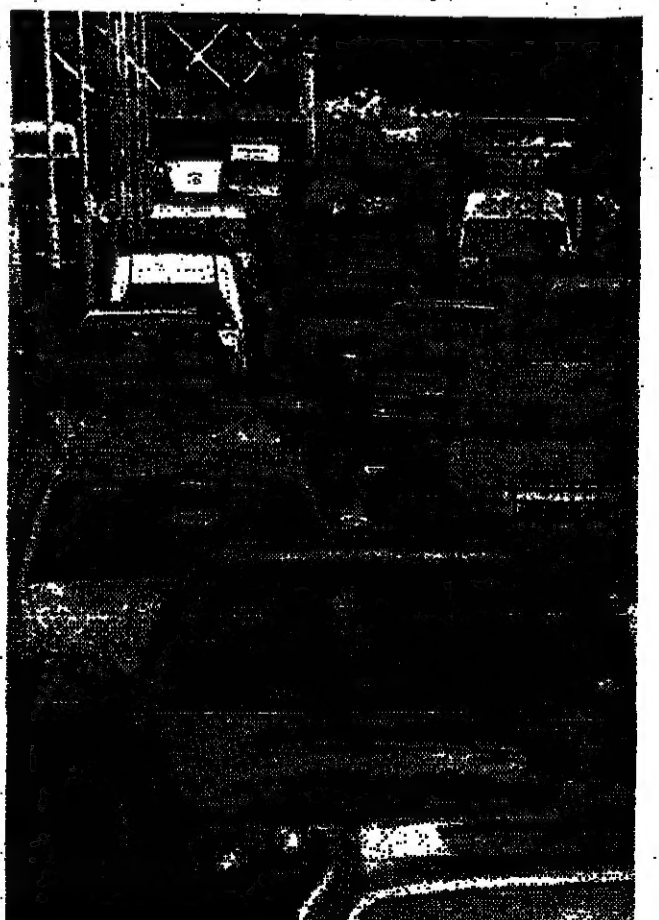
General secretary Nigel de Gruchy said the cuts would mean the loss of more than 2,000 teaching jobs, with 500 compulsory redundancies.

New Forth bridge urged

A second road bridge across the Firth of Forth will eventually be necessary, according to consultants advising the Scottish Office. It could be built by 2005 and cost about £275m.

The bridge, which would be just west of the existing bridge at South Queensferry north of Edinburgh, is one of the options for improving transport in the Firth of Forth area proposed by Lord James Douglas-Hamilton, the Scottish environment minister.

He also suggested a £40m road to connect the existing bridge with the Edinburgh bypass, taking traffic away from the western edge of the city, and a £8m road connecting the bridge with the M9 motorway.



Urban fatigue: British architects say UK cities "will be condemned to terminal decline" unless radical new policies are introduced to ease congestion. In calling for better public transport, the Royal Institute of British Architects' says: "More road building is not the solution to the problem of traffic in town and cities." The institute also warns of a crisis in housing. It says a national housing policy is needed to monitor housing shortages and to identify areas where new housing is required.

Commonwealth of Australia
PROPOSED SALES

QANTAS
THE SPIRIT OF AUSTRALIA

AUSTRALIAN AIRLINES

In September 1990, the Australian Government announced its intention to sell up to 49% of its interest in Qantas Airways Limited (A.C.N. 009 001 901) and 100% of Australian Airlines Limited (A.C.N. 008 042 886).

In June 1991, the Task Force on Asset Sales, which is handling these sales on behalf of the Australian Government, first publicly sought responses from parties in Australia and overseas who wished to consider the possibility of acquiring a substantial part or all of the available equity in either or both airlines.

On the basis of those responses, the Task Force has selected a number of parties to be given access to the Information Memorandums that have been prepared for both airlines, subject to the signing of appropriate Confidentiality Agreements.

On 26 February 1992, as part of a wide-ranging Economic Statement, the Australian Government announced a number of fundamental changes to the previous aviation policy framework and regulatory environment in Australia. As these changes could materially affect the way in which the future of both Qantas Airways and Australian Airlines - and their values - are viewed, the Task Force has decided, for prudential and other reasons, that interested parties who previously decided not to become involved in the respective sales processes should be given the opportunity to reconsider their earlier decision.

Any such parties who now wish to consider the possibility of acquiring a substantial part or all of the available equity in either or both Qantas Airways and Australian Airlines during the current trade sales and who are interested in obtaining documentation which describes that process; explains how to become involved in it; provides background information on both airlines; and outlines the new aviation policy framework and associated regulatory environment to be introduced in Australia, should communicate their interest in writing by 16 March 1992 to the Chairman of the Task Force (Mr H.G. Heinrich) at the following address:

THE CHAIRMAN
TASK FORCE ON ASSET SALES
DEPARTMENT OF FINANCE
PARKES ACT 2600
AUSTRALIA
TELEX: AA62699 FINCAN
FAX: +61 6 263 2335 (INTERNATIONAL) (06) 263 2335 (DOMESTIC)

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MANAGEMENT

Japan is the catalyst for conversion

John Griffiths reports on a transformation in working practices at the Unipart motor components group

A more unlikely location for a Japanese-inspired revolution in working practices is hard to imagine: a cluster of run-down industrial buildings in the back streets of Coventry, surrounded by terraced housing little changed since the 1890s.

Three years ago, the plant was churning out replacement engines for its owner, Unipart, Rover Group's former parts and accessories division, in dingy surroundings and a sour industrial atmosphere.

Today, using the newest, specialised manufacturing equipment from Japan and the latest in worker and management practices, it is out to become a "world class" maker of components.

The plant, whose brightly lit and clinically clean interior contrasts starkly with the dingy exterior, is still a Unipart subsidiary.

But it is now the home of Premier Exhaust Systems, which will be opened formally today by Peter Lilley, the industry secretary.

It is seen by John Neill, the chief executive of the Unipart Group of Companies (UGC), as a model for the other companies in the group.

It is producing exhaust systems and preparing for large-scale production of catalytic converters for both the resurgent Rover and Rover's Japanese partner, Honda, whose own 100,000 cars-a-year UK plant comes on stream at Swindon in October.

In recent months, Neill's conviction that Japanese attitudes and work practices needed to be instilled throughout UGC has begun to be put into striking effect.

In a move unthinkable a couple of years ago, Unipart is ending recognition of unions for all 4,000 workers, who are acquiring staff status.

"Clocking in" is out. Japanese-style team working is being introduced and old, hierarchical structures dismantled. Responsibility for quality is falling on individuals. Salaries are being linked to performance.

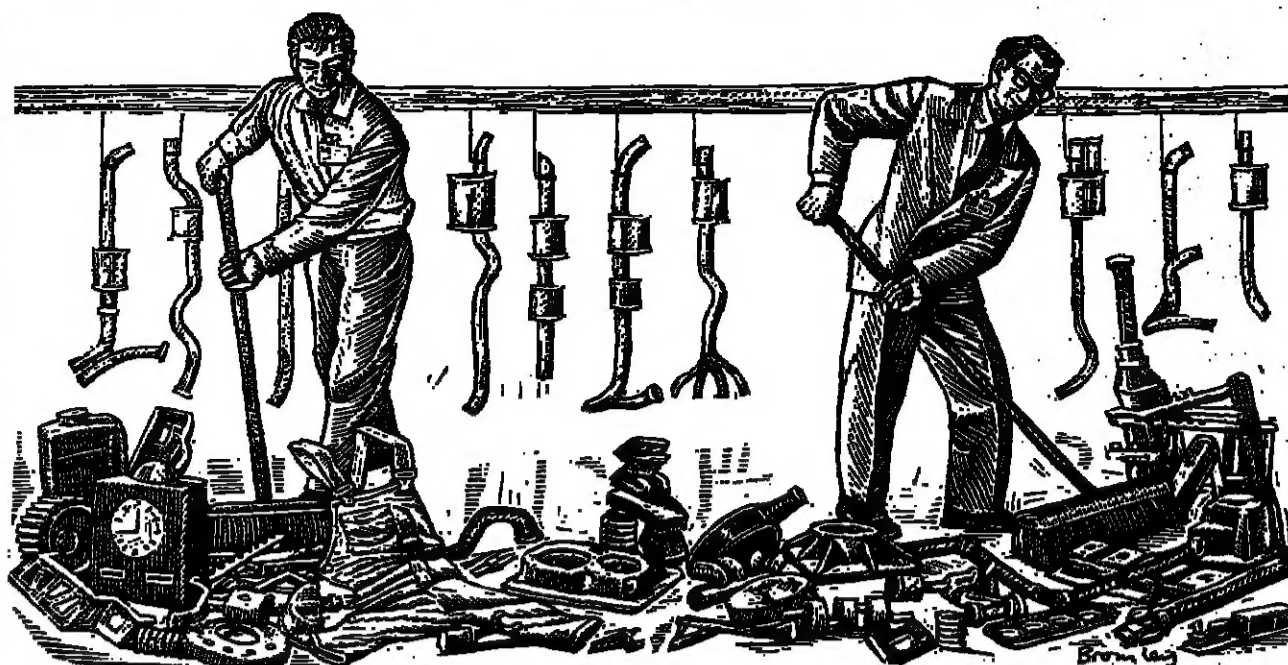
Nowhere are the changes being felt more keenly than at Oxford Automotive Components (OAC), whose Oxford and Kidlington-based parts making activities have formed the largest part of Unipart Industries.

Honda was an obvious potential customer for Unipart components. Originally, Honda said Unipart's proposed prices for fuel tank supplies were too expensive but nevertheless awarded it the business, along with an introduction to Yachiyo Kogyo, its tank supplier in Japan.

Subsequently, Yachiyo supplied Unipart with the equipment to make the tanks, sent a team of engineers to Oxford to help install it and - pre-dating the Premier operation by nearly two years - trained OAC's operators for six weeks on its own lines in Japan.

Mark Trevelyn, one of the trainees - who has gone from shop floor operator to group team leader - says it "came as a surprise to hear the Japanese talk of 'our company', not the management's".

The whole team, he says, came away with strong impressions - among them an unfamiliar and overwhelming stress on quality, and the rebukes that flowed from producing rejects and ignoring paperwork.



Some European components suppliers harbour deep suspicions about the long-term intentions of the Japanese car makers in Europe, and their true willingness to expand parts sourcing from indigenous suppliers.

Neill will have none of it. As an example of the Japanese desire for long-term "partnership" commitments, he says that Honda plans progressively to rely on Unipart for its exhaust emissions research and development programmes in Europe.

He says he is not worried

that there is no agreement down on paper, nor that there are no formal guarantees. "It's all based on mutual trust."

But the links with Honda were not forged without some disillusioning days. Unipart executives came away from one visit with 20 pages of problems with their products.

Some of the rejections might have mystified European vehicle makers.

"For instance," recalls Neill, "they wouldn't tolerate weld splatter on a silencer, even though it has no bearing whatsoever on the part's perfor-

mance. A western company simply wouldn't care and would probably claim, when the parts were rejected, that it was all part of a hidden agenda for the Japanese trying not to do business with the west."

The Premier plant, in which Unipart has invested several million pounds, is already turning over £16m a year.

It does not go in for pre-shift calisthenics. But the Japanese influence is immediately obvious in the state-of-the-art production equipment and the *de rigueur* company "uniform" worn by all 175 employees.

All employees have staff status. There is no privileged parking, differentiated canteens or washrooms.

Remuneration is knowledge-based, linked to a star rating system as operators acquire the ability to operate more machines and sustain quality standards.

The maximum is five stars and, says Neill, "the idea is that every employee should be a five-star operator."

There are no supervisors, only leaders of small, flexible teams. Anyone can stop the production line if they think

quality is under threat. In terms of management, says Frank Burns, managing director of the Coventry venture, who joined Unipart four years ago, "there is simplicity in everything: one layer of 10 managers, then the shop floor."

The search for continuous improvement encouraged in all employees has resulted, says Burns, in exhaust output now requiring less than half the space of a conventional assembly line.

In recruiting Premier's workforce, its management placed flexibility above work experience.

As a result, says Burns, "we have ended up with people who had little or no factory experience."

The price of this approach - extended training - is one Premier has willingly paid for what it says is an exceptionally enthusiastic work-force.

The plant operates contribution circles - different from quality circles in that they were designed to reflect the heritage and culture of UGC. They can be initiated by management or employees but the latter is heavily favoured.

Contribution circles have now been running for about nine months at Unipart. With more than 80 operating, savings of £1.8m have already been achieved, according to Neill.

Burns himself recalls earmarking £300,000 for new process machinery, a decision that was abandoned after shop floor workers adapted existing machinery. Fear pressure is

claimed to be keeping absenteeism down to under 2 per cent.

Several years into their relationship, Honda has now nominated Unipart as its "model supplier" in Europe, and is using it as the example of progress in its training brochures outside Japan.

"What we liked about Honda," recalls Neill, "is that they made clear that initially they wanted not so much technical ability, but the right attitude and commitment. When we got the business, we knew they had a lower quote from elsewhere."

Now, says Neill, "I go once a year to see Honda in Japan to maintain our good relationship and say 'We promised to do things, we've done them - now what can we do for the future?'"

The deepening relationship, says Neill, means that "we don't have to look at a one-year horizon. We can make capital and people investments, and we've now got young engineers we are training so that we can provide them (Honda and Rover) with high-quality research and development and production expertise."

"If all their Japanese suppliers work in that climate, is it any wonder the Japanese are winning?" ponders Neill. "They eliminate all useless argument, instead putting all their efforts into improving. This is so much more efficient than the west, it's hard to see how western companies can catch up."

It is what he regards as a remorseless pursuit of perfection by the Japanese which makes the task for western producers so hard. "You have to be personally offended by producing a product which is not perfect. Japanese people get emotionally upset; so far, the Brits mostly don't," says Neill.

Spreading the word on not being quoted

Lucy Kellaway looks at a company that discovered freedom when it went private



Swraj Paul: simpler life

For the last four months, Swraj Paul has been free. He has also saved more than £100,000.

Since November 7 last year when he withdrew Caparo, his medium-sized engineering company, from the stock exchange, life has been simpler and more prosperous.

Paul estimates that the loss of his listing will save £500,000 in a full year - equal to some 8 per cent of the company's profits. Fees alone for the teams of PR men and stockbrokers to assist in what Paul calls "the shenanigans of quoted companies" cost at least £150,000 a year for the

most basic service. Anything fancy and the fees shot up.

Further large savings have come from moving the accounts department from the centre of London to Birmingham. Now that Caparo no longer has to be in close touch with the City, there is no point in being in expensive premises in London, says Paul.

Another change has been in the sort of employees the com-

pany requires. Finance department staff who concentrate on dealing with the accounts come cheaper than those whose role includes talking to merchant bankers. Total saving from the move, including rent, is £350,000 a year, Paul estimates.

There are other, non-financial benefits. One is that the company will be quicker on its feet. "Before, you were always wondering what the City would think and your judgments were slowed down."

The message is clear for all medium-sized companies in old fashioned industries: a stock exchange listing may not be worthwhile. Paul reckons that there are many companies that would love to leave the City behind, but can't raise the money to buy out their shares.

It was only possible for him because a mere 20 per cent of Caparo's shares were in the market anyway.

The stock exchange typically put such a low rating on his shares - some six times earnings - that raising money through share issues was more expensive than borrowing from the bank. Paul makes the time-honoured complaint about the City being greedy for immediate results.

"Now we can think long term. Two, three or four years is well beyond the range of most institutions. Yet that is the timetable over which most investments will pay-off."

When Caparo tried to undertake big investment projects, updating plant and machinery, Paul found that the City would not wear the heavy depreciation charges. "You can only grow by a steady 30 per cent

in terms of profit if you engage in financial engineering," he says.

A stock exchange quote also has a bad effect on management, he says. "I like to see the share price high in the paper. It shifted my priorities away from the real stuff."

Paul, one of the most successful Indian businessmen in Britain, regrets the passing of the old days of trust and decency in the City. The stock exchange itself has greatly deteriorated, he thinks, with deregulation and Big Bang creating an atmosphere where "everybody is trying to do better than their neighbours".

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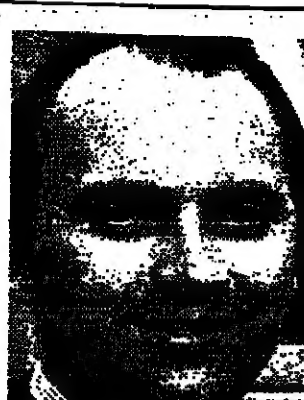
APPOINTMENTS

Moving up a gear

Motor trade executive Richard Barber has received his reward for turning round Dovercourt Motor Company, part of London's many-sided motor activities which include the import and distribution of Volkswagens and Audis in the UK.

Barber, who turned Dovercourt from a heavy loss-maker into an earner of £250,000 profit last year - after just 24 months of his ministrations as managing director - has been made chief executive of Dutton Forshaw, Dovercourt's immediate parent.

A 16-year veteran of motor retailing, Barber is aiming to bring to other dealer outlets in the multi-franchise Dutton Forshaw group some of the much increased emphasis on customer satisfaction which turned Dovercourt's Volkswa-



gen/Audi outlet in St John's Wood, London, into the group's flagship dealer and sharply boosted sales at the three other London dealerships.

With the Volkswagen group planning to take over from Loughborough the import/distribution of Volkswagens and Audis after the current import agreement expires at the end of next year, Barber's responsibilities are also likely to include looking at wider business

opportunities for Dutton. Barber's place at Dovercourt is being taken by Chris Hayden (left), who until now has managed Dovercourt's Battersea dealership.

Meanwhile, far to the north, Alexander Holdings, the biggest Ford main dealer in Scotland, has appointed former Ford UK managing director Roger Humm as executive vice-chairman. Alexander, still investing heavily in expanding and upgrading a number of outlets despite profits more than halving last year, says Humm is only the first of a number of new directors it expects to appoint this year.

The urban Humm, 54, astonished the UK motor industry world when he resigned the Ford managing directorship abruptly in October 1990. Although his resignation did not formally take effect until the end of that year, Ford announced that he had taken leave of absence with immediate effect.

Non-executive directors

■ Sir Ivor Cohen, a former md of Mullard and currently chairman of Remploy, and John Herring, a former president of the European Electronic Components Manufacturers Association, at MAGNETIC MATERIALS GROUP.

■ Michael Adams, chairman of Adams Childrenswear, at ALLDERS.

■ Gareth Davies, chairman of Glyndwr, at WHEATLEY.

■ Hugh Jarvis at WORLD-WIDE REASSURANCE.

■ Bill Musgrove, former vice-chairman of Robert Horn, at MODERN.

■ Anders Carlberg at SMURFIT INTERNATIONAL.

■ Mike Tuttle, formerly president of Mars Europe, at LIONHEART.

■ Timothy Bixley, a civil servant in the Scottish Office, will resign from RENDEL PALMER & TRITTON in May because of potential conflict of interests.

Record of sales growth

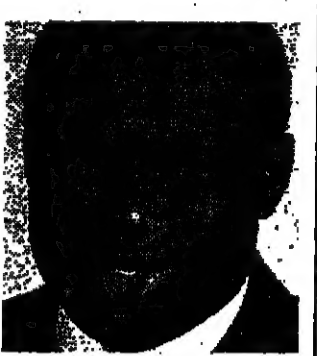
Retix, a Californian company specialising in networking systems that enable otherwise incompatible computers and software to talk to each other, has chosen Gareth Buchanan-Robinson to be managing director of its non-US activities. Retix UK, which covers Scandinavia, Benelux, the Middle East, and Africa as well as the UK.

For the past two years he has been in charge of Retix General International, a subsidiary now merged into Retix UK.

Buchanan-Robinson, a 35-year-old Englishman, who also speaks Italian, is poised for an aggressive marketing push within Europe of the so-called Open Systems Interconnection products of which Retix claims to be a leading supplier.

"We expect Retix to become a \$300m corporation by 1995," he says. Sales last year amounted to \$90.5m.

An economics graduate from Aston University, Buchanan-



Robinson does, however, have a record of sales growth. In his previous capacity at Retix, he claims to have increased turnover by 60 per cent in the space of 12 months; he was previously international sales manager at an Eastman Kodak subsidiary, International Systems Corporation, where he also presided over a rapid expansion.

Previous employers included Norisk Data Computer Systems, where he helped set up subsidiaries in Germany and the UK.

CONSTRUCTION CONTRACTS

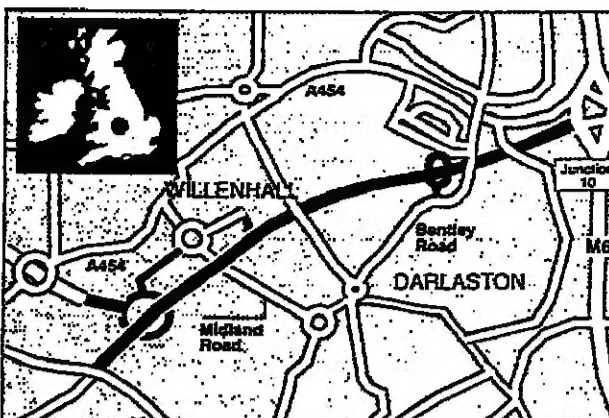
£31.5m Black Country route

MILLER CIVIL ENGINEERING, a member of the Miller Group, has won contracts with a total value of nearly £40m.

The largest is for the first phase of the Black Country route (pictured right), a 2.7 kilometre dual carriageway joining Darlaston Lane in Walsall to Junction 10 of the M6. The contract, let by Walsall Metropolitan Council, was won in competition at £31.5m.

Considerable ground treatment is involved, including the infilling of old mine workings and the removal of some contaminated land. Within this stretch of the route there are two main interchanges, two overbridges, five underbridges and a diversion culvert for the Darlaston Brook.

Within the structures Miller will use 34,000 tonnes of reinforced concrete, 3,000 tonnes of steel and 750 tonnes of structural steel. Also included in the work are 14 reinforced earth retaining walls and 10 crib walls involving 6,200 sq



metres of brick faced panels, 150,000 cu metres of backfill and 220,000 sq metres of geotextile reinforcing.

The road will require 480,000 cu metres of imported material and 85,000 sq metres of road top. The contract is due to take 130 weeks and starts at the end of April.

In the north west at Dalton

in Furness, Miller has started work on the new bypass for the Department of Transport, a contract valued at £8m and lasting 94 weeks.

This bypass project comprises 3.5 kilometres of 10 metre wide single carriageway, with three overbridges, three roundabouts and a box culvert, and geotechnical work.

£40m workload for Amey Group

AMEY GROUP has received contracts over the last six weeks worth £40m.

Amey-Hynd, its new Merseyside building operation, has been awarded some £1m of work; £7m from Hynd Construction, which went into receivership in January, and a further £7m from new orders.

These orders include £10m for the construction of sheltered accommodation for local housing associations and a contract for the first phase of the refurbishment of the Liverpool town hall, valued at £700,000.

Amey Building has received some £2m in south Wales for local health authorities, the Post Office and Barry Town Council and a further £1.3m in England for the MoD at Thatcham and Barnardo's.

Amey Construction has received over £14m, including Alvechurch bypass (£5m) in Herefordshire, bulk fuel installation for the PSA at RAF Waddington (£3m) and a further £10m of orders for projects in

Berkshire, Wiltshire, Gloucestershire, Yorkshire and Leicestershire.

Contracts worth £1.5m for Thames Water, Welsh Water and Northumbrian Water have been awarded to the Amey-Farr water division and Amey-Sportec has won a £300,000 award for a synthetic pitch in Birmingham.

Amey-Mec-Tric has booked £5m, including £1.2m at Gloucester Hospital, £1.2m at Ashdown House, Hastings and £1.3m for the PSA.

Sheffield Canal Basin redevelopment

WIDNELL, the London-based chartered quantity surveyor, has been appointed by the urban renewal division of

Norwest Holst Developments to provide quantity surveying and general cost consultancy services for the £70m redevelopment of the Sheffield Canal Basin in south Yorkshire.

The firm has also been

appointed as quantity surveyor by Copple & Horne for the scheme's proposed £12.5m 158 bedroom four-star hotel.

Contracts were signed between Norwest Holst Urban Renewal and Sheffield Development Corporation on September 28 1991.

A city grant of up to £8.5m is available for the scheme,

which should create 2,500 jobs on one of the most extensive urban renewal schemes in the country.

The Canal Basin project will see the transformation of the city centre site by the provision of over 600,000 sq ft of space in a mix of business, retail, leisure and residential accommodation.

Developing disused collieries

TAYLOR WOODROW has won a £35m contract from British Coal Opencast for extensive mining, civil engineering and restoration work at two disused collieries at Swadincote, Derbyshire.

In Derbyshire, Taylor Woodrow is starting work on winning more than two million tonnes of coal by open-cast methods at two former mines at Cadley Hill and neighbouring High Cross on the A444 route south of Burton-on-Trent.

A major part of the contract involves constructing a one kilometre dual carriageway at High Cross after coal extraction has been completed. Due to be finished early in 1995, the roadway, which will serve as a bypass for the village of Cadley Gresley, will comprise a bridge and elevated roundabout complex, spanning the main road and rail line.

Some two miles north, at the former Cadley Hill colliery, Taylor Woodrow Civil Engineering will be undertaking a six-year programme to extract coal and prepare the 128 hectare site for industrial and leisure development. This will involve diverting a main sewer around the perimeter of the site as well as grading and compacting the land. A coal-washing plant will be used to reclaim a 160,000 tonne pre-war coal tip.

Taylor Woodrow Civil Engineering is also working on a derelict colliery site at Aberystwyth, mid-Glamorgan, and at its open-cast coal site at Garmant, Dyfed, before restoring the land for industrial and agricultural use.

Zimbabwean plant

W.S.P. PARSONS BROWN has been appointed by Lurgi (UK) of Woking, Surrey to carry out the design of the structural steelwork, civil and building works for a £60m sinter plant at Redcliff, Zimbabwe.

The contract is due for completion in September 1993.

smalley



Building defence facility

WIMPEY ENGINEERING AND CONSTRUCTION (EUROPE) has secured a £35m contract from the Property Services Agency to construct the main joint maritime communications centre at RAF St Margan in Cornwall.

The project includes the construction of three linked buildings and all associated external works, drainage and landscaping. Completion is scheduled for September 1994.

Offices complex

COSTAIN BUILDING & CIVIL ENGINEERING has been awarded a contract worth \$5.4m to construct an office block in Causeway Lane, Leicester by the commissioners of the Inland Revenue.

The contract comprises the construction of a six-storey office block with a two-storey block wrapped around the east end, forming a "T" shaped building, with a gross floor area of 7,900 sq metres. As well as offices the building will house a restaurant, a kitchen, common rooms and a nursery.

The building has a steel frame with precast floors, service cores and external walls with a facing brick external skin and a tiled roof.

The offices will house Inland Revenue employees serving six local districts and a tax enquiry centre. The PSA has provided all consultant and design services.

The contract is due for completion in September 1993.

CONFERENCES & EXHIBITIONS

MARCH 13

Researching Eastern European Markets
Content will include: The political and economic situation; Information sources for business; Legal developments; The future of CIS markets. Speakers include: Ralph Land (Rolls Royce), Marge Lindsay (Pinecone), David Winter (Baker & McKenzie), George Schellinger (J.S.E.), Contact: Yassin Gama, London Business School. Tel: 071-262 5050 ext 229

LONDON

MARCH 16 & 17

World Pharmaceuticals
The theme of the 1992 conference will be globalising the organisation and management of the pharmaceutical industry to meet the changing marketplace. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125

LONDON

MARCH 17-19

The International Direct Marketing Fair
Meet the leading suppliers of mailing lists, telemarketing, database management, door-to-door distribution, print, design, mailing houses and all direct marketing services. Weekly Conference & Exhibition Centre. For further details on exhibition & seminar programme contact 0800 171819.

LONDON

MARCH 19

Managing Supplier Relationships
This conference focuses on the key issues that face I.T. managers in obtaining the best deal from suppliers, exploring some of the most common problems encountered by purchasers, and showing how they can be avoided. Contact: Business Intelligence. Tel: 081-544 1830 Fax: 081-544 9030

LONDON

MARCH 20

European Financial Information Conference
For directors and senior managers. Presentations focus on Treasury Management, Credit Terms, Information Systems and Resolving Title to Goods in Europe. Hosted by Reuters. Keynote Speech: Anne McMahon, M.E.P. Contact: Jane Parvin. Tel: 0245 283030 Fax: 0245 492486

WALTHAM ABBEY

MARCH 23

Reform of the CAP: Implications for British Farmers
Includes detailed case studies, examines the likely effect on UK farmers of the EC's proposed reforms. Speakers include: Rt Hon John Gummer, David Nash, President of the NFU. Contact: Westminster Management Consultants Ltd. Tel: (0483) 740 730 Fax: (0483) 740 727

LONDON

MARCH 23

BOPHUATSWANA: Africa's Unsung Success Story.
Opportunities for business. (Complementary attendance). Contact: London Chamber of Commerce. Tel: 071-748 4444 ext 2070 Tracy Dorelli 071 748 4444 ext 2070

LONDON

MARCH 23 & 24

International Packaging and the Environment
To review German and EC packaging legislation, prospects for international packaging, and the impact of legislation for manufacturers and retailers. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125

LONDON

MARCH 24

DOING BUSINESS IN CZECHOSLOVAKIA
A corporate step by step guide through one of the major opportunities areas. Sponsored by Coopers & Lybrand. Enquiries: Financial Times Tel: 071-925 2323 Fax: 071-925 2125

LONDON

MARCH 25-26

Introduction to Options Course - Parts 1 & 2
Day 1: Basic Terminology, Option Pricing, Trading & Hedging Strategies. Day 2: Volatility, Advanced Trading Strategies, Portfolio Management. Venue: Cambridge Science Park, CAMBRIDGE. £295 (1 day only), £545 (both days). Contact: Gillian Beckett, Brady Financial Seminars. Tel: 0223 425250

CAMBRIDGE

MARCH 26

TOTAL QUALITY
Overcoming the barriers to successful implementation. Contact: Robert Henry CBI Conference Tel: 071-379 7400 Fax: 071-497 3546

LONDON

MARCH 26

Work at VDU
A vital, one-day seminar for senior managers on the implications of recent legislation (VDU Directive). Presented by Colin Mackay - HSE, Brian Pearce - Consultant Ergonomist, Tom Stewart - Chairman ISO TC159 SC4. Bell Howe Conferences Tel: 0602 436523 Fax: 0602 436440

LONDON

MARCH 27

The Art and Practice of Planning Property
One-day conference on latest developments in the market. The programme covers new lending and refinancing, medium and long term investment, REB financing, joint ventures. Contact: Veronica Beaton Tel: 071 935 2382

LONDON

MARCH 30 - APRIL 1

Value to Market and Sell Your Value Added Services
In this seminar you will learn why price is not the main issue but rather just a single element in a customer's determination of your product or service's value. Speaker: L. Gary Silvers. Contact: Louise Knight, Frost & Sullivan Ltd. Tel: 071-730 3438 Fax: 071-730 3433

LONDON

MARCH 31

Women in Management: Making the most of a valuable asset
This highly practical conference addresses issues that UK industry must resolve in order to make the best use of women in management. Participants include Rt Hon Angela Rumbold, Baroness Rumbold. Contact: Westminster Management Consultants Ltd. Tel: (0483) 740 730 Fax: (0483) 740 727

LONDON

MARCH 31

Care in the 90s
Important conference dealing with strategic car sales and purchase planning to be opened by Christopher Chope MP. Minister responsible for Roads. The European Dimension: Anne McDonald MEP. The Agenda: Trade Road partner Colin Davis. Contact: Sarah Hunter. Tel: 0296 714235 Fax: 0296 712642

LONDON

MARCH 31-APRIL 1

Managing Relocation
This national conference covers cost control, planning effective mobility strategies and provides supporting case studies/new research on domestic and international relocation. Contact: Nanette Maudslay, CBI, Centre Point, London WC1A 1DU Tel: 071 379 7400

LONDON

APRIL 1 & 2

Successful Acquisitions & Disposals of Unquoted Companies
The complexities of buying or selling an unquoted company are unraveled, step by step, highlighting the most effective avenues to take throughout the exchange, whilst pursuing the commercial rationale and priorities. Contact: FBIX Tel: 071-489 9944 Fax: 071-236 6140

LONDON

APRIL 1-2

CHEMISPE EUROPE 92
Highlighting Developments and Future trends in Specialty, Performance and Fine Chemicals - Organic Intermediates - Contract & Toll Manufacture. G-MEX, Manchester. Contact: Valerie Shilling, PMJ International Publications Ltd. Tel: (0737) 768611 Fax: (0737) 768615

MANCHESTER

APRIL 2

Occupational Visual Welfare of VDU Users
A one-day seminar on the legislation proposed to implement the European VDU Directive. "VDU users" will be entitled to free "eye and sight" tests and "special corrective appliances". Contact: Bell Howe Conferences Tel: 0602 436523 Fax: 0602 436440

LONDON

APRIL 6

LT AND BUSINESS RE-ENGINEERING
This conference looks out how the marriage of business process redesign and the creative use of IT is enabling companies to compete more effectively in today's testing markets. Contact: Business Intelligence. Tel: 081-544 1830 Fax: 081-544 9020

LONDON

APRIL 6-7

Labour Law 1992
The 4th Annual IRS Training conference reviewing key case law and legislation presented in conjunction with Industrial Relations Law Reports. Devised and chaired by Michael Rubenstein - IRL Editor. Contact: Harriet Fielding, IRS Training Tel: 071-354 5838 Fax: 071-354 4000

LONDON

APRIL 7-9

7th Annual Energy and Business Prospects: Post-Soviet Republics and Eastern Europe
Fusion, Inc., DRI/McGraw-Hill conference on regional energy industry and business/investment climate with economic analysis, panel discussions. Contact: Corinne Redmond ext 081-545-6212.

LONDON

APRIL 8

Know Your Jungle
Essentials of Computer Intelligence & Analysis. A practical one day seminar/workshop from the UK's No 1 specialist. Benefits, CIAA Action Plan, Targets, Sources, Methods and Practical examples. Successful case studies. Contact: Patricia Donohoe about other seminar dates too. EMP Intelligence Service. Tel: 071-487-5665 Fax: 071-935-1640

COVENTRY

APRIL 8

The Japanese Opportunity
The EC Commission in conjunction with KPMG Management Consulting are holding a seminar on the issues of working and trading with Japan. The EC Senior Management Training Programme in Japan will be highlighted. Contact: Justice Stephens-Clark or Victoria Hudson on 071-236 8000

LONDON

APRIL 8-10

PC LANS: The Strategic View
Unique seminar describing fundamental technical and managerial issues of this important technology. This is the only strategic vision available. Unambiguous assessment of the strengths and weaknesses of key products and vendors. Contact: Amanda Stuart, IBC Technical Services. Tel: 071-487 4383 Tel: 071 957 5700 Fax: 071 957 5710

LONDON

APRIL 9

Business Strategy and R&D in Partnership
Managing technology to give the maximum strategic impact, is the theme of this conference. Against the background of Arthur D. Little's book 'Third Generation R&D' guest speakers from industry will discuss their approach to managing R&D. Contact: Jo Hoyle, Strategic Planning Society. Tel: 071-636 7237 Fax: 071-223 1692

LONDON

APRIL 9

Creating Better Business Plans
Some 70% of small/medium sized businesses have no business plan. This conference will provide directors with a set of proven techniques to help formulate successful strategic plans, making them better equipped for today's highly competitive environment. Enquiries: Director Conferences Tel: 071 730 0022

LONDON

APRIL 10

Futures Trading in the Nineties
Regulating Futures in EU, Europe & US; BCFI and CBO; Intellectual property rights in futures; Futures and derivatives. Chaired by Professor Roy Goode, OBE, QC. Contact: Susan Coulson, IBC Tel: 071 637 4383 Fax: 071 631 3214

LONDON

APRIL 10

Controlling Investments in Information Technology
This course, for Business Managers in charge of I.T., uses lessons learnt from industry and research to demonstrate how successful control can be established over I.T. investments. Contact: Lee McLean Short Courses Office Tel: 071 955 7227 Fax: 071 955 7676

LONDON

APRIL 13

Venezuela - Business & Economic Prospects
A topical conference sponsored by Cityforum Ltd, Canning House, Banco Mercantil, Baring Securities, Midland Montagu, Peroteco de Venezuela, The Wall Street Journal Europe. Speakers include: Pedro Tisoco, Eduardo Fernandez, Pablo Rempey, John Browne, William Rhodes and Geoffrey Bell. Contact: LINDSEY NEIL Tel: 0225-466744 Fax: 0225-443903

LONDON

APRIL 14

DOING BUSINESS IN POLAND
An in-depth view of one of the major opportunity areas in Eastern Europe. Sponsored by Coopers & Lybrand Europe. The conference addresses: investment opportunities, legal and taxation issues, labour, acquisitions, accounting issues and case study. Contact: Lindsey Neil Tel: 071 489 9944 Fax: 071 236 6140

LONDON

APRIL 14 & 15

Opening up the Post-Soviet Gas Industry
Meet Key Decision Makers from Russia, Kazakhstan and other Republics convened by the newly established Centre for Foreign Investment and Privatization. Moscow and The Royal Institute of International Affairs. To be held at The Queen Elizabeth Conference Centre, London. Enquiries: RIA Conferences. Tel: 071 957 5700 Fax: 071 957 5710

LONDON

APRIL 26

Pension Funds: Trustees and Investment Management
A detailed examination of the obligations and responsibilities of pension fund trustees in the context of the potential pitfalls highlighted by the Maxwell affair. Speakers include: Rt Hon Tony Newton M.P. Contact: Westminster Management Consultants Ltd. Tel: (0483) 740 7300 Fax: (0483) 740 727

LONDON

APRIL 29

Work at VDU
A vital, one-day seminar for senior managers on the implications of recent legislation (VDU Directive). Presented by Colin Mackay - HSE, Brian Pearce - Consultant Ergonomist, Tom Stewart - Chairman ISO TC159 SC4. Contact: Bell Howe Conferences Tel: 0602 436523 Fax: 0602 436440

EDINBURGH

APRIL 29-30

SOCIETY OF TECHNICAL ANALYSTS
Day 1 offers two streams - a basic introduction to technical analysis while second stream will focus on more advanced aspects. Day 2: Distinguished technical

ECONOMICS

The search for confidence boosting measures in Lamont's Budget

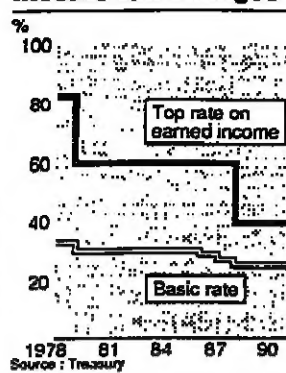
IN BRITAIN the week will be dominated by the Budget. Tomorrow, at around 3.30pm Mr Norman Lamont, the chancellor, will rise to deliver a speech that, in all probability, will launch the campaign for the general election, expected now on April 9.

Tax cuts totalling £2.4bn have been widely tipped with speculation focusing on a 1p cut in the basic rate of income tax. Despite the government's need to break ahead in the opinion polls, a tax cutting package of more than £4bn would upset the financial markets. But with scant evidence to suggest an upturn in the economy, analysts will be looking for confidence boosting measures in the Budget to spur ever cautious consumers.

Tomorrow is also Super Tuesday - a big day for US politics with several presidential primaries on the same day. A bad result for Mr Bush will indicate the depth of the electorate's dissatisfaction over the administration's handling of the economy.

However, retail sales figures for February are expected to increase marginally, with the growth probably coming from a pick up in auto sales as well as household fixtures and building products in line with January's surge in home sales. Furthermore, the week's producer price data for February should reflect a favourable out-

Income tax changes



Source: Treasury

look on inflation. In January the producer price index fell by 0.5 per cent on the year, to its lowest rate since January 1987.

There is also news on retail sales in Germany this week with January's figure expected to show a slight decline on the same month of 1991. According to research by Midland Montagu the squeeze on real disposable incomes from the mid-year 7.5 per cent tax surcharge, rising inflation and high interest rates have begun to dampen consumer demand after last year's very buoyant sales.

Highlights of the week ahead, with the median of city forecasts in brackets from MMS International, a financial information company, include:

Today: UK, January credit business (net repayment of £75m); Canada, January motor vehicle sales, January housing starts, December wages and salaries.

Tomorrow: UK, Budget presented to parliament, January producer price index - input (up 0.3 per cent on the year), output (up 0.2 per cent on the year), up 4.4 per cent on the year, excluding food, drink and tobacco; US, Super Tuesday, presidential primaries in Delaware, Florida, Georgia, Louisiana, Massachusetts, Mississippi, Oklahoma, Rhode Island, Tennessee and Texas, January wholesale trade, revised figures for fourth quarter productivity; Japan, January machinery orders, Canada, fourth quarter manufacturing capacity utilisation.

Wednesday: US, January housing completions; Japan, February trade balance (\$8.7bn surplus).

Thursday: UK, February CBI distributive trades survey; US, February retail sales (up 0.7 per cent on month), excluding automobiles (up 0.4 per cent on month), February M1 (\$20bn), M2 (\$26bn), and M3 (\$24.1bn), for week ended March 2 M1 (flat), M2 (\$0.3bn), and M3 (\$8bn), initial claims for week ended February 29 (445,000); Germany, first round of engineering wage talks with Hoesen IG

Metal: Australia, February employment (down 30,000) and unemployment rate for the same month (10.6 per cent).

Friday: US, February producer price index (up 0.3 per cent on month), excluding food and energy (up 0.2 per cent on month), January business inventories (down 0.2 per cent on month), automobile sales March 1-10 (8.1m); Germany, first round of engineering wage talks with Bavarian IG Metall.

France: fourth quarter unemployment; Japan, February wholesale price index (up 0.1 per cent on month, down 1.6 per cent on year); Australia, January retail trade seasonally adjusted (up 2 per cent on the month).

During the week: Germany, January retail sales (down 0.5 per cent on the year), January trade balance (DM5.5bn surplus), January current account (DM1.4bn deficit), fourth quarter GNP (down 0.5 per cent on the previous quarter), February wholesale price index (up 0.2 per cent on the month); Spain, February consumer price index (up 0.4 per cent on the month, up 6.5 per cent on the year); Sweden, February unemployment rate (3.9 per cent), February consumer price index (up 0.3 per cent on the month, up 2.6 per cent on the year).

Emma Tucker

PARLIAMENTARY DIARY

TODAY

Commons: Friendly Societies Bill, second reading. Debate on report concerning the new parliamentary building. Motion on social security regulations. Opposed private business after 7pm.

Lords: Competition and Service (Utilities) Bill, committee. Prison Security Bill, report.

TOMORROW

Commons: The Budget statement and debate. Lords: Edu-

cation (Schools) Bill, report. Parliamentary Corporate Bodies Bill, committee.

WEDNESDAY

Commons: Continuation of the Budget debate.

Lords: Debate on constitutional reform. Debate on Britain's rivers coastline and beaches. Osteopaths Bill, committee.

THURSDAY

Select committees: Welsh Affairs - subject, water pollution from abandoned coal mines. Witnesses: British

Steel Corporation, National Rivers Authority, Welsh Office (Room 15, 10am). Home Affairs - subject, work of the Lord Chancellor's Department. Witnesses: The Lord Chancellor (Room 15, 4pm). Health - subject, NHS trusts. Witnesses: Croydon Community NHS Trust and purchasers (Room 8, 4.15pm).

FRIDAY

Commons: Continuation of the Budget debate.

Lords: Social Security (Mortgage Interest Repayment) Bill, second reading.

report and third reading: Medicinal Products: Prescription by Nurses Bill, third reading. Stillbirth (Definition) Bill, third reading. Traffic Calming Bill, third reading. Firearms (Amendment) Bill (third reading). Cheques Bill (third reading). Further and Higher Education (Scotland) Bill, report.

FRIDAY

Commons: Private members' motions.

Lords: Asylum Bill, committee. Transport and Works Bill, second reading.

RESULTS DUE

BTR is expected to report lower annual pre-tax profits on Wednesday, but most interest will focus on how the industrial conglomerate is digesting its latest acquisition, Hawker Siddeley, the engineering group which it bought for £1.55bn in November after a bitterly-contested takeover battle.

BTR is unlikely to give anything away about possible disposals, but analysts will want to hear what the enlarged group has to say about its trading outlook. The impact of recession is expected to have cut last year's pre-tax profits from £285m to below £100m.

As the world's largest mining group, the RTZ Corporation could not be expected to escape recession in the US and the UK, and present low metals prices. Analysts expect the group to report on Thursday a fall of about 35 per cent in net attrib-

able profits for 1991. This would take them down from last year's £507m to between £295m and £340m.

Most commentators suggest RTZ will maintain its dividend payment at 19.5p because an increase to, say, 20p, would send out the wrong signals about prospects for the current year.

Standard Chartered Bank will announce on Wednesday pre-tax profits of £200m-£220m, a marked improvement on 1990's £150m after heavy provisions. It has had relatively few lending problems in the UK other than to Brent Walker, while its Asia Pacific region had a good year and is thought to have made a strong contribution. Last year's 20p dividend is expected to be maintained.

Hilldown Holdings, the food manufacturer, should turn in 1991 pre-tax profits of around £182m on Wednesday, down a fraction from £191.5m a year earlier. A final dividend of around

6.4p, up 7 per cent, is expected. Poultry again took away at group profits, contributing only £28m (£29.4m) with a small loss in the UK offset by profits abroad. On the positive side, its Canadian subsidiary Maple Leaf has performed well. Encouraging developments include the recent purchase of Unigate's poultry business which should help bring rationalisation to the industry and an upturn in Hilldown's profits this year to around £225m.

United Biscuits is expected to report on Thursday a small increase in 1991 pre-tax profits to £255m from £197.7m. Given the group's confidence in its long term prospects, the final dividend could be raised 3 per cent to 5.4p.

McVities biscuits and Terry's chocolates have held their own but KP snack foods have been disappointing. Bright spots last year were growing European operations and the Keebler-

cut business in the US. Satchi and Satchi, feeling the pinch of the recession in advertising, is likely to report tomorrow on Tuesday a loss of around £2m for the 16 months ended December 31. It reports tomorrow, Budget day, that it has no plans to restructure.

BM Group, the industrial holding company that recently acquired Thomas Robinson, is expected to have increased pre-tax profit by about 27 per cent to more than £17m in the six months to December 31. It reports tomorrow, Budget day, that it has no plans to restructure.

While Robinson will not figure in the results, Blackwood Hodge, the construction equipment distributor acquired in late 1990, will be in for the full six months. The scything of Blackwood's overheads and the boost its overseas network will have given to the sale of BM's products help explain the group's resistance to recession.

UK COMPANIES

TODAY

BOARD MEETINGS:

Finals:

BBA

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THURSDAY MARCH 11

BOARD MEETINGS:

Finals:

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ARTS

ARCHITECTURE

British pavilion pulls it off

Colin Amery pays an early visit to Expo '92 in Seville

The problem is a difficult one. How does an architect design a pavilion that, in one bold gesture, symbolises the spirit of a nation and conveys a memorable message to the world? At Expo '92 in Seville, the architects Nicholas Grimshaw and Partners have pulled it off.

All the best buildings are built around one clear idea. The idea behind the British pavilion was to bring the sound and presence of moving water to the dry, hot island of La Cartuja. This is right for Seville, where temperatures in high summer can sometimes reach as high as 49°C (120°F). It would have been easy to design another fountain or a leafy courtyard, but Grimshaw decided to make the whole front of the pavilion a wall of moving water. The architects have been able to achieve this wonderful effect with the brilliant collaboration of the sculptor William Pye.

The British pavilion is sited at the head of the avenue devoted to European Community members' pavilions. The design is clear and rational: the architects have taken care to avoid any elements of "Disney" and razamatazz. Visitors approaching from the east will see a crystal box some 25m high, 7m long and 40m wide. The whole entrance facade is a cascade of falling water rushing over the glass wall into a wide moat. Two "curtains" of water mark the entry point, which is a narrow bridge passing over the blue waters of the moat (I did wonder whether this relatively small entry point would cope with the expected millions of visitors). Once the visitor has crossed the bridge, he will emerge into

an enormous glass exhibition hall that is strongly reminiscent of views of the interior of Sir Joseph Paxton's Crystal Palace of the 1851 Great Exhibition - the source and origin of the idea of universal expositions.

The structure of the pavilion is an example of the most recent techniques of steel and glass assembly. Every element was designed and made in Britain; the parts shipped to Spain and erected on the site in the short period of 42 weeks. This "kit of parts" approach is very much Grimshaw's trademark, and at Seville he seems to have simplified things so that the high-tech elements seem to be more under control than in some of his British buildings. The main steel structure is supported on deep piles driven some 18 metres into the sediments of Cartuja island. Some of the wall and roof trusses are 25 metres long and they had to be escorted by the Spanish police on their six-day lorry journey from the port of Santander in Northern Spain.

It is the east wall that everyone will remember. It is made of panes of glass suspended from stainless steel brackets and in front of the glass is the continuous waterfall designed by Nicholas Grimshaw and William Pye. Pye is best known for his two water sculptures, "Hagereid" and "Sigtuna", which passengers pass on the way to their flights at Gatwick's north terminal. Water for the Seville cascade is pumped by solar-powered pumps from the pool at the base of the building to some 1,400 nozzles at the top. These nozzles are adjustable so that the effect can be varied from a slow, shimmering creeping effect



The idea behind Nicholas Grimshaw's British pavilion was to bring moving water to dry, hot Seville

to a thundering cascade. Some three million litres of water is kept moving constantly. Water is brought right inside the pavilion over a gleaming stainless steel wall to provide a vast apparently still reflecting pool. The whole effect is undoubtedly a tour de force.

Apart from the visual beauty of the moving water, I was impressed by the sound it makes. Outside, it has a cool and calming effect. Once you are inside the pavilion, the sound makes you feel as though it is permanently raining (perhaps this will reinforce foreigners' views about the British climate). It was told that despite the intense heat of a Sevilian summer there will always be enough water to ensure that the "biggest water wall in the world" (to quote the publicity material) of the pavilion's sponsors, the Department of Trade and Industry, will flow until October. I suspect it will be a hard job to prevent exhausted visitors from taking a refreshing dip.

Inventive efforts have had to be made to ensure that the whole pavilion is cool. The most exposed west wall demonstrates a completely new technique. It is made of steel freight containers which are lined by an impermeable membrane and filled with water. This thick wall of stored water will absorb heat and should work to keep the interior cool in the same way as thick masonry walls ensure that medieval cathedrals are always cool in summer. Of course there has to be some mechanical air handling and cooling and one of the problems of the whole Expo has been to find

ways of avoiding the raising the temperature of the site that would occur if all the pavilions expelled hot air into the atmosphere.

The flat roof of the British pavilion has had to be protected from the extremes of the summer sun by shading louvers that also ornament the roofline. On these louvers are 150 panels of solar cells that provide the power for the water pumps. These solar cells and pumps will be used to provide power in 150 villages in the Third World after the pavilion is dismantled.

The only element of rampant nationalism about the British pavilion is the giant Union Flag that can be seen through the water wall - and the water and flag do evoke a sense of a maritime nation. (The theme of the Expo '92 is

"Discovery", as the whole event is a commemoration of the explorations and discoveries that began with Columbus in 1492.) The designers of the interior of the pavilion are RSCG Contrasts Design and their brief has been to arrange exhibits that will help the visitor to discover Britain.

Moving on giant travelators and escalators, and escorted by "Navigators", the visitor will see video sculptures, an electronic tapestry composed of 278 screens giving a variety of images of Britain. There is a large theatre, and displays on the top floor look at the scientific development of the four elements.

But the pavilion itself is the main exhibit, and it is the element of water that visitors will always remember in all its moving splendour.

SPONSORSHIP

A trend towards the multinational approach

This will not be an easy year for arts sponsorship in the UK. Some large companies, such as Shell, are cutting back on their help for the arts; others, such as BT, are freezing their expenditure. Few are actually axing what are still minute sums of money in the corporate budget, but the years of expansion are over.

Even well-established and successful arts projects, such as the annual regional tour by the Royal Shakespeare Company, are on the point of cancellation because no sponsor can be found. The tour has been living on parts of the UK other arts institutions never reach since 1978, with Hallmark, NatWest and most recently BT picking up the bill in return for hospitality and promotional opportunities.

But, in January, BT told the RSC that after four years, it was switching its support to Northern Ballet. The RSC has quickly approached the 40 most likely sponsors, but without success. The sponsorship costs £185,000, but for that a company gets 33 weeks, including seasons at Stratford plus touring with Richard III, visiting small towns from Cornwall to Scotland. There is only a month left for a sponsor to be found before the arts suffers its first major casualty of the recession.

Arts sponsorship may be freeze-framed in the UK - although the Association for Business Sponsorship of the Arts reports that all the money available under its Business Sponsorship Incentive Scheme is still being snapped up by keen new sponsors - but there is growing interest in multinational initiatives.

Funding a European tour by an orchestra, or a visiting arts exhibition, gives sponsors wonderful opportunities to meet key politicians and business contacts in potential export markets. Nomura Securities picked up important commissions from the Czech and Hungarian governments thanks to introductions forged from its support of the National Theatre's recent tour to those countries.

Now CEREC, the organisation representing national arts sponsorship associations, and based at ABSA's HQ in London's Docklands, has come up with the first guide to the tax situation for sponsors in 17 leading European countries. The 62-page booklet *Business Support for the Arts in Europe* is available from CEREC or from the sponsors, and authors, accountants Arthur Andersen.

The quick summary reference offers the eye-catching facts that Greece is the only country reviewed where sponsorship is not a deductible business expense and that in Spain (because of the Olympics, the Expo in Seville, etc), there is a 30 per cent tax deduction for donations during 1992.

The booklet estimates expenditure on arts sponsorship in various countries, ranging from £27.2m in the UK to FF650m-700m (€66m-71m) in France and DM250m-300m (€87m-104m) in Germany. The figures for the Netherlands are FL150m (€46m) and for Ireland, IR£2m (€1.8m). The variations in tax assessment between sponsorship and donations are outlined and the position of foreign companies mentioned.

essential for companies considering pan-European sponsorship campaigns. Some sponsors fail to take advantage of tax breaks on their expenditure. They are doing themselves, and the arts, no favours in foregoing such benefits.

This free booklet, nicely timed before 1993, when a surge in pan-European sponsorships is anticipated to celebrate the single market, should be an essential aide-memoire.

CEREC has also commissioned research into why companies undertake European sponsorship. Not surprisingly, it concludes that most companies sponsor on a haphazard project-by-project basis, with the main advantage reckoned to be the kudos gained by being seen by peer businesses as a "European" company. Then comes the ability to gain access to overseas politicians, in particular the influential executives at European institutions in Brussels and Strasbourg.

Our television detectives seem to have taken to drink recently. Inspector Morse keeps going thanks to the sponsorship of Beamish stout and Maigret is supported by Kronenbourg lager. Both brands are marketed in the UK by Courage, which has committed itself heavily to film sponsorship.

Its television links are close to advertising, but it is also prepared to invest in film as an art form. It stumped up £20,000 to enable Nomad Pictures, formed by two young marketing men with film school links and using young actors and student technicians, to produce *Augustine*, about a young mental patient in a 19th century French asylum. As well as seeking brand awareness from its credits on the film - and encouraging young talent - Courage used the inexpensive project to test the waters of the film industry. It is now contemplating investing £3m in a full length movie, *House of America*, in which it will have an equity stake as well as a promotional spin-off.

Kallaway, the sponsorship consultant, has picked up two new assignments. It will manage for Morgan Purre, part of the IDV in its *Ballets Summerstage* series of 12 open air classical music concerts in the grounds of English country houses, and it will also look after the Munch exhibition at the National Gallery in November, which is being sponsored by Norsk Hydro to the tune of £250,000 plus.

The Cleveland Orchestra will be playing at this year's Salzburg Festival, and the London Proms, courtesy of the communications company, Ameritech, which is putting up £1m over the next three years. This also brings the orchestra to Salzburg in 1994 and perhaps 1995.

Ameritech's subsidiary Ohio Bell has long been a supporter of the orchestra, but this is the first time that it has attracted a major banker outside of Cleveland. Its biggest local sponsor is BP America.

IBM is behind one of the largest arts sponsorships ever seen in Ireland - IR£450,000 to enable the National Gallery in Dublin to take a show of Old Master paintings from its collection to the US.

Antony Thorncroft

Gidon Kremer

QUEEN ELIZABETH HALL

Beyond his worldwide career as a soloist, violinist Gidon Kremer has been running his own chamber music festival in his native Looz (Luxembourg) for ten summers now, and on Thursday he brought some regular colleagues with him to the Queen Elizabeth Hall under this new label.

His music was Messiaen's *Quatuor pour la fin du temps* and Schubert's great Quartet in G, D.887; the friends were the clarinetist Sabine Meyer (once a famous bone of contention between Karajan and his Berlin Philharmonic) and the pianist Oleg Maisenberg, just for Messiaen, and three notable young strings for Schubert. Though Kremer led both works, he was at pains neither to dominate nor even to show off a little. He simply applied himself to the ensemble music with intense sympathy, and immensely polished technique. And so did they all.

Composed and premiered in a prisoner-of-war camp, Messiaen's seminal *Quatuor* wears its heart - and its devoutly Catholic soul - on its sleeve, but with less calculated flamboyance than much of his later music. The rapt, angular dance movements are swift, but hardly virtuosic (Kremer's team were if anything a bit mild with them). The real challenges are in the hypnotically slow solo movements, where

any fault in the elevated line will be cruelly exposed. Kremer and the cellist Clemens Hagen turned their twin "cousins" beautifully, and in the *Albino des oiseaux*, Miss Meyer's hushed breath, pianissimo and subtle rhythmic spring were astonishing.

The Schubert quartet was a marvel of lucidity, but it should have been more. Don't let less in the interest of delicate precision, Kremer & co. (Hagen, Annette Bilk - another original member of the Hagen Quartet - and Catherine Metz) mostly chose tempi at the bottom end of the plausible range and stuck to them. Everything - everything, including every possible repeat - had a lovely, silvery ring, at considerable cost to the black dramatic thrust of the whole work. If its most jagged junctures don't sound disruptive and disarming, one isn't hearing it properly.

Of the performers, it was odd of Kremer to let that be smoothed away. I wondered whether he wasn't deferring too modestly to the Hagen ethos: those young Salzburg players made their name early by precocious ultra-enthusiastic assurance, but have never been gutsy - which is what this last Schubert quartet absolutely requires.

David Murray

As You Desire Me

NEW END THEATRE, HAMPTSTEAD

Here is a genuine rarity that gave me a great deal of pleasure: an almost totally forgotten play by Pirandello that has the master's touch and at times fairly crackles with suspense about what is real and what is not.

As You Desire Me was written in 1930 and last performed in London in 1948. It is set in a mixture of Berlin and northern Italy, 1928, when the scars of the first world war were still deep and it was still too early to predict with certainty that the Weimar republic contained the seeds of the second, though I must say that in his scenes of German decadence, Pirandello came remarkably close to seeing the way the country was going.

Cia, or the "unknown woman" as she is normally referred to, is a dancer in a sleazy German cabaret. She is the mistress of a German writer, whose crazed daughter is as infatuated with Cia as he is. She has forgotten her past because of the devastation of the war. Then an Italian friend of her husband turns up, asking her to go home. The German lover shoots himself, but not fatally. The rest of the play assumes to be an Italian family villa in Umbria.

I shall not go further into the plot because I do not want to give away the suspense. Suffice it to say that it revolves

around whether Cia really is the missing wife. On one level, of course she is, but the point is that she has changed and is not the same person she was 10 years before, when dragged away by the troops and officers at the end of the war. Here we are on familiar Pirandello territory: what is real and what is an illusion? It may not be the best piece he wrote, but it is the real thing and no imitator could have done it.

Some of the vignettes are superb: the performance of the crazed daughter (played by Janet Steel), for example. So are some of the physical details: a mark on Cia's leg that may or may not have been deliberately removed. The suspense is intellectual: note the sudden chill when the German lover, arriving in Italy, seems to have proved through female psychology that Cia is not Cia after all.

The production in the tiny New End Theatre seemed to me slightly under-rehearsed. It began nearly 20 minutes late, had two intervals instead of the one that was billed, and there was some fluffing of lines. The acting is uneven, sometimes even by the same character. Ruth Kettlewell as the old aunt, for instance, frequently looks and speaks as if she was born to play Miss Marple; at other times she is curiously wooden. The women,



Sandra Fox as Cia

on the whole, are better than the men.

Cia is played by Sandra Fox. This is a magnificent part, including the cabaret dancing, and with a little more rehearsal it should be a magnificent performance. Even now it is thoroughly gripping.

The direction is by Derek Wax and one can only salute the enterprise in unearthing the play and producing a new translation by Kate Nelson. It runs at Hampstead until March 29 and it deserves more.

Malcolm Rutherford

INTERNATIONAL ARTS GUIDE TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Ken-Ichiro Kobayashi conducts the Netherlands Philharmonic Orchestra in music by Bizet, Poulenc, Falla and Ravel. In the Kleine Zaal, Nobuko Imai accompanied by Roger Vignoles plays music for viola by Hindemith, Schumann and Franck. Tomorrow: Robert Schumann Ensemble. Wed and Fri: Emerson Quartet. Thurs and Sun afternoon: Riccardo Chailly conducts Messiaen's *Turangala* Symphony (57.18 345). Muziektheater 19.30 Hartmut Heeschen conducts Pierre Audi's production of Mozart's *Mitridate*, with a cast including Bruce Ford and Jochen Kowalski, also Thurs and Sun afternoon. Tomorrow and Wed: Compagnie DCA in Triton, choreographed by Philippe Decouflé (6255 455/credit card bookings 6221 211).

BARCELONA

Gran Teatre del Liceu 21.00 Uwe Mund conducts first night of Helmut Polix's new production of *La traviata*. Runs with alternating casts till March 20, with next

performances on Wed, Thurs, Sat and Sun (412 1466). Palau de la Musica 21.00 Charles Dutoit conducts the Philharmonie Orchestra of London in music by Rossini, Stravinsky and Berlioz, with Chantal Juillet violin soloist. Tomorrow: Isaac Stern. Wed: St Petersburg Quartet. Fri, Sat and Sun morning: Uto Ughi is violin soloist with the Barcelona City Orchestra. Fri evening: Sumi Jo sings Mozart (288 1000).

BERLIN

Schauspielhaus 20.00 Claudio Abbado conducts the Berlin Philharmonic Orchestra in Tchaikovsky's Violin Concerto (soloist Maxim Vengerov) and Wagner's *Daphne* in Chloé. Tomorrow: Weimar Staatskapelle. Wed: CPE Bach Chamber Orchestra. Thurs, Fri, Sat: Abbado conducts Schubert and Beethoven symphonies. Sun and next Mon: Radio Lugtu plays Schumann's Piano Concerto (East Berlin 2000 2156). Deutsche Oper 19.30 Three choreographies by Christopher Bruce. Tomorrow: *Il barbiere di Siviglia*. Wed: Tannhäuser. Thurs: Einführung. Fri: Makropoulos Case. Sat: Lucia di Lammermoor. Sun: La nozze di Figaro (West Berlin 3410 249). Schauspiel unter den Linden 19.00 Rudolf Nureyev's production of *Sleeping Beauty*. Tomorrow and Sat: *Iphtigene auf Aulide*. Wed: Die Zauberflöte. Thurs and Fri: Carl Orff double bill. Sun: Tristan und Isolde (East Berlin 2004 762).

BONN

Boethianhalle 20.00 Maris

Jansons conducts the Oslo Philharmonic Orchestra in Dvořák's Seventh Symphony and Bartók's Concerto for Orchestra (773666). The Oslo Philharmonic tour continues to Frankfurt tomorrow, Munich on Wed, Linz on Fri and Vienna on Sat and Sun.

COLOGNE

Philharmonie 20.00 Heinz Rögner conducts the Berlin Philharmonic Orchestra in Brahms's Eighth Symphony. Tomorrow: Pergolesi's *Stabat Mater*. Wed: I Musici di Roma play Mozart and Bach. Thurs: Maurice André plays trumpet concertos by Hummel and Haydn. Fri: Gary Bertini conducts the Cologne Radio Symphony Orchestra (2601). Bürgerhaus Stollwerck 20.00 The LightHouse, chamber opera by Peter Maxwell Davies, also tomorrow. Wed and Sat in Opernhaus: Janacek's *From the House of the Dead* (221 8400).

COPENHAGEN

Royal Theatre 19.30 La nozze di Figaro, new staging by Vibeke Bjelke. Tomorrow: Boumville double-bill. Wed: Abdallah. Thurs: Ariadne auf Naxos. Fri: Boumville's *Far from Denmark*. Sat: The Lay of Thym, Boumville's great dramatic ballet based on themes of Norse mythology (3314 1002).

LONDON

South Bank Centre 19.45 Piano recital by Fou Ts'ong. Tomorrow: John Lill plays Brahms's Second Piano Concerto. Wed: Haitink conducts Richard Strauss. Fri:

Rattle conducts the CBSO. Sun: Krystian Zimerman (071-928 8900). Barbican 19.45 Stephanie Gonyea is director and violin soloist with the English Chamber Orchestra in music by Vivaldi and Bach. Wed: Michael Puri and the Academy of St Martin in the Fields. Thurs: Colin Davis conducts the LSO. Fri: Andrew Davis conducts the BBCSO. Sun: Jeffrey Tate conducts Mozart and Shostakovich (071-638 5871).

MADRID

Capilla de San Andres de los Flamencos 21.00 Gerhard Oppitz, Shira Rubin and David Geringas play piano trios (578 1082).

MILAN

Teatro alla Scala 20.00 Borodin Quartet. Tomorrow: Manon Lescaut. These are the only performances at La Scala this week (7200 3744).

NEW YORK

Blue Note Jazz Club and Restaurant Tonight's guest artist is Sam Pilafian, with shows at 21.00, 23.00 and 01.00. The rest of the week is a Blues Summit with Maceo Parker and Johnnie Johnson (475 8522). Carnegie Hall 20.00 Jesus Lopez-Cobos conducts the Cincinnati Symphony Orchestra in Lutoslawski's Cello Concerto (soloist Lynn Harrell) and Tchaikovsky's Fourth Symphony. Tomorrow: Wolfgang Sawallisch conducts the Philadelphia Orchestra. Wed: Maurizio Pollini. Fri: Waseda Symphony Orchestra. Sun: concert performance of

Wagner's *Rienzi* (247 7800). Metropolitan Opera 20.00 Nello Santi conducts Pigoletto, with Marilyn Mims as Gilda, also Sat. Tomorrow and Fri: La nozze di Figaro. Wed: Don Carlo. Thurs: Parsifal (582 6000).

STOCKHOLM

Konserthuset 19.30 Opening concert of a week-long piano festival: tonight's programme of Brahms, Schumann, Scriabin and Albeniz is played by Mona Sandström. Tomorrow: Erik Lanninger. Wed: Lars-David Nilsson. Thurs: Per Lundberg. Fri: Bengt-Ake Lundin (244130). Royal Opera This week's repertoire includes Simon Boccanegra tomorrow and Thurs, and La nozze di Figaro on Wed and Sat afternoon (245240).

VIENNA

MUSIC/DANCE Staatsoper 19.30 L'elisir d'amore with Luciano Pavarotti as Nemorino (also March 13, 17, 20). Tomorrow: Rusalka. Wed: La traviata. Thurs: Carmen with Balisa. Sat: La bohème with Kaffa Ricciarelli (51444 2283). Resonator 20.00 National Ballet of Zaire. Tomorrow, Wed, Thurs, Fri: Habitz-Club dance group from Ivory Coast (386 1676). Musikverein 19.30 Andras Schiff and friends give the first of four concerts in the Brahms-Saal devoted to chamber music by Haydn. In tonight's programme, Cecilia Bartoli is soloist in the cantata *Arianna a Naxos*. Tomorrow's soloist is John Shirley-Quirk, with further concerts on Wed and Thurs. Wed in Grosser

Saal: Luciano Pavarotti. Sat and Sun: Maris Jansons conducts the Oslo Philharmonic (505 8190). Konzerthaus 19.30 Piano recital by John Lill. Thurs: Lieder recital by Christa Ludwig. Fri: Dennis Farnsworth. Wed: Don Carlo. Thurs: Parsifal (582 6000). THEATRE Macbeth, directed by Claus Peymann, can be seen at the Burgtheater on Wed, Sat and Sun. Hugo von Hofmannsthal's *Der Schwierige*, directed by Jürgen Flimm, is showing on Thurs and Fri (51444 2218). Vienna's English Theatre (Joesfegasse 12) has performances of Richard Harris' thriller *The Business of Murder*, daily except Sun till April 11 (402 1290). Telephone sales of tickets for the Staatsoper, Volksoper and Burgtheater are available worldwide for holders of credit cards by ringing Vienna 5131 513.

ZURICH

Tonhalle 20.15 Edmond de Stoutz conducts the Zurich Chamber Orchestra in music by Rossini, Western and Schubert, with Jeremy Menuhin soloist in Mozart's Piano Concerto No 24 (252 1737). Wed and Fri: Pinchas Steinberg conducts the Tonhalle Orchestra (201 1580). Tomorrow and Thurs in Opernhaus: Ligeti's *Le Grand Macabre*. Wed and Sat: Don Giovanni with Ruggero Raimondi (262 0508). Schauspielhaus 20.00 Arden of Feversham, Elizabethan thriller directed by Terry Hands, also Wed and Sun. Tomorrow and Thurs: Dürrenmatt's *The Physicists* (221 2263).

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Super Channel 0830-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTV
0830-0900 (Tues) Spiegel TV - Int Report - the real world of documentary
2130-2200 (Tues) Media Europe - what's new in European media business
2130-2200 (Wed) FT Business Weekly - global business report with James Salton
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-2200 (Fri) Spiegel TV - Int Report
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SATURDAY
CNN 0800-0930 World Business This Week - a joint FT/CNN production 1900-1930 World Business This Week
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Monday March 9 1992

Nigeria's case for help

NIGERIA'S civilian politicians, preparing for the handover from military rule, should be heeding signs of relief. General Ibrahim Babangida's decision to bite the bullet and float the naira may have saved a structural adjustment programme which was in serious trouble. A large devaluation would not have been a happy start to Nigeria's return to civilian rule next year. But what the president is up to is, as yet, impossible to decipher: a final thrust for reform; the last fling of a tired leader; or a clever ruse to fool the international financial community? Hope springs eternal, but experience counsels caution.

The government's intention, of course, is that floating the naira, and so closing the widening gap between the official and market rates, will lead to an agreement with the IMF and a subsequent rescheduling of Nigeria's \$30bn of external debt. The economic case for such relief is compelling. Nigeria's huge debt burden, with notional debt service payments consuming 60 per cent of export earnings, makes development impossible. The country desperately needs to free resources to invest in its crumbling infrastructure.

Yet Nigeria's creditors should be sceptical. The exchange rate crisis reflects the weak government management of the past year. The exchange rate differential has grown because inflation has accelerated to an annual rate upwards of 30 per cent, fuelled by high domestic credit expansion to fund a growing budget deficit as public spending ran out of control.

Tough controls

There is no point in throwing more resources at Nigeria unless the government can prove that it is serious about reform once more. The exchange rate can only be prevented, when floated, from collapsing if this devaluation is combined with a tight monetary policy and tough controls on public spending. The governor of the central bank last week reaffirmed the federal government's commitment to "fiscal restraint, public sector rationalisation, with expenditure to be targeted only on 'priority projects that can

A lottery for good causes

THERE STOOD the home secretary, ready for his photo opportunity, brandishing a handful of £10 notes and looking for all the world like a reasonably prosperous bookmaker. The proposal for a national lottery, which was announced on Friday, has the marks of a rather seedy piece of electioneering.

The lottery, according to Friday's white paper, will provide "a harmless form of entertainment". Until 1826, when it was banned, it was a respectable government undertaking, which at one time had the then Archbishop of Canterbury as a trustee. That may be a rather partial view of history: a House of Commons committee, established in 1806, concluded that the foundation of the lottery system is so... vicious... that under no... regulations will it be possible... (to) divest it of all... evils. You do not have to go all the way with these words to be critical of the present proposal.

In the first place, a lottery is highly regressive. All the evidence from around the world is that tickets are mainly bought by the poor, the frustrated and those who are falling behind society in one way or another. Moreover, they are sold on terms which would make a mobster blush.

The government expects that around a third of the proceeds will go on "good causes" and another 15 per cent on expenses; what is left for prizes will then be subject to an as yet unspecified lottery tax. That adds up to a very negative sum game indeed, and one which even by the standard of lotteries seems heavily loaded against the player. On one estimate, prizes usually average around 60 per cent of receipts.

Cultural pursuits

The worst feature of the plan is that the people who pay for it will not, by and large, be the main beneficiaries. The good causes which the government has in mind include the arts, sports, the heritage and charities: special emphasis is placed on improvements to the national heritage "ranging from cathedrals through museums to listed buildings from our artistic and industrial past". All worthy objects, but

be satisfactorily completed by the end of 1992. But promises are not enough. Until they are backed by a precise plan of action, the IMF and the creditors should bite their time.

To be specific: are grandiose and economically unviable projects such as the Ajakuta steel plant and the proposed aluminium smelter to be stopped; or will Nigeria's roads, telephones and schools crumble while oil revenues continue to prop up the politicians' pet projects? Is the fiscal base to be widened so that public spending can be met from taxes rather than by printing money; or will the government continue to subsidise domestic petrol at the absurd price of US 4 cents a litre, while turning a blind eye to large-scale smuggling of fuel to neighbouring countries and widespread evasion of customs duties?

Internal monitoring

Only when these questions have been answered satisfactorily should a new IMF agreement be signed. The truth is that the Babangida administration, which started so well when it launched its economic reform programme in 1986, has over the past 12 to 18 months given structural adjustment a bad name. His government must now show that the recent mismanagement and siphoning off of state funds is over. Nigeria desperately needs greater internal monitoring, as well as external scrutiny, of its economic affairs.

Only then would Nigeria's creditors have reason to believe that debt relief will speed development and ease the suffering of Nigeria's citizens, rather than be dissipated by politicians. The forthcoming presidential elections may tempt the western creditors to offer a combination of debt reduction, debt rescheduling and new lending to encourage reform. But these should be offered only on the condition that the government can agree to, and keep to, tough conditions laid down in a new IMF agreement. Without fiscal discipline and closer monitoring, Nigeria's structural adjustment will fail, and the current misery of much of the population of Africa's largest, and the world's 18th poorest, country will continue.

all tending to be of most pressing interest to the more prosperous members of society. The relatively poor people who will buy lottery tickets will be subsidising the cultural pursuits of the relatively well off, who will not.

New quango

There is something rather odd about a conservative government proposing the establishment of a legally protected monopoly, to be administered by a new quango. Its members will be "independently minded and have achieved personal distinction and public standing". No wonder: the various arts and sports lobby groups are already rubbing their hands in anticipation.

At least the white paper promises that the money raised will not be used to finance the government's conventional spending programmes. But you can never be sure. New York established its lottery in 1967 with the profits to be set aside for education; came a budget crisis, and the money was quickly shifted into the general fund. The same happened a little later in Connecticut.

Despite all this, the economic and political climate is probably right in the UK for a lottery system. The home secretary will not be alone in dismissing its critics as "party poopers". Ever since lotteries were used to rebuild Rome after Nero burnt it down, governments and the public have been happy to turn to this device at times of slow growth and growing deficits.

But if a lottery is inevitable, let there be some attempt to steer the proceeds towards the people who will be buying the tickets. One idea would be to build a network of money advice centres, which could - among other things - warn people against playing games in which the dice are too heavily loaded.

If Britain needs to spend a bit more on the arts, which it probably does, and if the sensible way to fund this is through a hypothecated tax, which it possibly is, then let the levy fall on those who are most likely to benefit. A tax on muesli, perhaps, or on designer ice creams.

Making nations is an ugly matter, especially when they are being formed from the ruins of totalitarianism.

In Azerbaijan now, the republic's national leaders are jockeying for power in the wake of the resignation on Friday of President Ayaz Mutalibov. While this is going on, people are gorging themselves on details of real and alleged atrocities perpetrated by Armenian irregulars in their enclave of Nagorno-Karabakh against Azeri towns and villages on its south-eastern corridor. These reports of atrocities, which have a hard core of truth however much they are inflated, have made a fraught situation apparently insoluble.

Nagorno-Karabakh is taking its place among the world's apparently unresolvable ethnic territorial disputes. This sliver of mountainous ("nagorno") territory has been home to Armenians for centuries. Given semi-autonomous status in 1923, it has long been regarded by Azeri nationalists as an affront to their national integrity. Since 1988, it has been the focus of a distrust of Moscow in the popular fronts of both Armenia and Azerbaijan.

President Levon Ter Petrosian of Armenia was a leading member of the Karabakh Committee, which was the nucleus of the Armenian independence movement. President Mutalibov of Azerbaijan has just fallen because he could not protect his people in the Azeri towns within the enclave. Karabakh is at the heart of the two new nations' politics, and positions on both sides have grown increasingly rigid.

The town of Agdam, near the Nagorno-Karabakh border in Azerbaijan, is now a site of muted horror. It lives under the shadow of the massacre at the Azeri village of Khojaly on February 26 and 28, when - from the survivors' account - Armenian guerrillas fell upon the town, and a refugee column fleeing towards Agdam. The low claims on the Azeri side are of around 1,300 dead; neutral observers say about 200.

On the streets of Agdam there are groups - hundreds strong - of refugees. In the local hospital, practically devoid of equipment, five people lie in bed in the tiny, foetid wards; when the bandages are unwrapped from their feet they reveal suppurating toes and sores, the flesh having been eaten away.

The story told by one of them, Ms Alina Gasanov, 50 but looking 70, is that they fled to the woods from Khojaly on the night of February 26 and were there until found last Saturday - 11 days and nights, lightly clad in sub-zero temperatures eating only snow. There had been a fire, she said, 200 of them: half had died, some were still there. A young doctor standing by said that all the survivors would undergo amputation.

There is little sign of damage in the town itself. I saw three shells where rockets, said to be of the Krystal type, had fallen: one had come down outside a partly built bungalow, the fragments making a hole in the roof below which slept two infants (who were unhurt). We were told six such rockets had fallen on Saturday night.

The front line is now on the

John Lloyd says peace for Nagorno-Karabakh is seemingly out of reach
Mountain to climb

Path of violence: an Azeri soldier carries a woman from the village of Khojaly, recent scene of a massacre

Karabakh border, a few kilometres up the road from Agdam. Near the village of Shell the Azeris have established a post with two rusted 160mm Pushka cannons. One was pushed to the brow of a hill overlooking a valley in which lies the town of Agdam, formerly Azeri and now held by the Armenians. There were two forward Azeri positions beyond, each with half a dozen men. That appeared to be the strength of the Azeris in the

complain of relative weakness in the face of Armenian strength, have one or two Drads and some tanks and armoured personnel carriers. If anything is clear in this muddy, partisan struggle it is that the Armenians are trying to clear the Azeris out of Karabakh and secure their borders. The front line post at Shell is on the border; Askeran just inside.

Shusha, a little further in, is still held by the Azeris but sur-

All over the former union are autonomous regions of differing status - many within the Russian republic itself

rounded by Armenians, and we were told that helicopter flights had stopped.

In clearing the area, the Armenians have laid what presently seem to be the indestructible foundations of Azeri hatred, and appear to have put any kind of peace out of reach.

The reverses suffered by the Azeris have fed their way quickly into national politics. President Mutalibov, a former first secretary of the Azeri Communist Party who rushed through presidential elections last September in the wake of the August putsch, had tried to retain vestigial links with the

groups of politicians in Baku who claim the right to destroy these autonomies in the name of the equal rule of law are paralleled in other republican capitals - including Moscow and Kiev.

They claim such regions are relics of Stalinism and so, in a sense, they are. But the fact is that the people in them cling to their autonomous status, or seek to become fully independent, through fear or a resurgent sense of nationalism. This will hardly go away without further - perhaps a great deal of - bloodshed, if no mechanism can be found to unangle these knots.

former Soviet Union, agreeing to membership of the Commonwealth of Independent States and delaying the creation of a national army and currency.

He had survived in the clanish politics of Baku, the state capital, by co-opting some opposition figures into power - thus he had hoped to avoid the fate of President Zviad Gamsakhurdia, the former Georgian president, who excluded to his cost a widening circle of the opposition.

It seems, however, that Mr Mutalibov was unable to quash the cabals. His ambitious prime minister, Mr Gasan Gasanov, had put lines out to the opposition and when, last Thursday and Friday, thousands surrounded the Azeri Supreme Soviet in protest, he turned on the president and helped to bring about his fall.

"Even if another takes my place, you will not be able to solve the Karabakh problem," said Mr Mutalibov before he went. But those now calling for a change in policy think they can.

Dr Terkil Gasimov, a senior member of the Supreme Soviet's National Council, which now exercises effective power, said at the weekend: "We want Azerbaijan to be a democratic unified state. We will have no autonomous regions; these are a left-over of Soviet imperial days when they used one nation to control another. The Armenians in Karabakh will be equal before the law with every other citizen."

Dr Gasimov said that the first priorities were to form a national army of between 20,000 and 30,000 men, 10,000 of whom would be used to seal off the borders and airspace of Azerbaijan, preventing equipment and soldiers being flown in to Karabakh. He - and others - made much of the size and efficiency of the military forces on the Armenian side, saying that the local forces were augmented by professional fighters from Syria and Lebanon, where there are substantial Armenian minorities.

Lebanese film-maker in Agdam confirmed part of this, saying that the rich Dastnak (Armenian) community in his country was providing funds for arms and men to help their kin in Karabakh.

The area has already played a role far beyond its size, in stimulating the national movement in Armenia. Karabakh is a torch from the former Soviet Union - one still flaring in Azerbaijan.

Furthermore, it is one example of a host of similar cases. All over the former union are autonomous regions of differing statuses - many within the Russian republic itself, which is home to several different peoples.

The groups of politicians in Baku who claim the right to destroy these autonomies in the name of the equal rule of law are paralleled in other republican capitals - including Moscow and Kiev.

They claim such regions are relics of Stalinism and so, in a sense, they are. But the fact is that the people in them cling to their autonomous status, or seek to become fully independent, through fear or a resurgent sense of nationalism. This will hardly go away without further - perhaps a great deal of - bloodshed, if no mechanism can be found to unangle these knots.

Overworked

Richard Lines, chairman of the acquisitive specialty chemical company MTM, seems to be under an unusual amount of pressure of late. First his well-connected company upsets the stock market by revealing that it is having difficulty getting its auditors to sign off the accounts. Then he resigns as chairman of the board of governors of Teesside Polytechnic.

The energetic Lines, who since 1979 has been MTM's driving force, had thrown himself wholeheartedly into his Polytechnic role, even giving £100,000 of his own money to found three academic chairs to strengthen its research. As chairman he helped the Poly to go ahead for a new University College on Teesside, together with Durham University and the Teesside Development Corporation. MTM says Lines had been considering resigning from the Poly board for some time, and the two events are unrelated.

No comment

The Financial Times' reputation for being first with the news is obviously growing. A woman called to ask one of our reporters whether he had an advance copy of the Budget. When he confessed he did not, she said: "Don't tell me you write it all up on the day."

Backtracking on rail sale

Richard Tomkins on a change of heart over privatisation plans

British Rail's passengers do not want privatisation. Look at it this way, they argue.

BE is terminally unprofitable. If it is privatised, it will have to start making money. There are really only two ways of achieving that: raising the fares, or axing unprofitable services. Either way, rail users will suffer.

It is not just BE's passengers who are concerned about privatisation. Communities fear for the future of their transport links. Car drivers want to keep people on the trains and off the roads. The environmental lobby presents public transport as a panacea for pollution. Nearly everyone agrees that railways are a Good Thing.

That, in short, is why ministers have abandoned plans for a "big bang" privatisation of BE. One recent opinion poll suggested that more than 50 per cent of voters see privatisation as a threat to rail services rather than a boon. With a general election looming, ideology has therefore had to take a back seat to pragmatism in the quest for a means of fulfilling the government's privatisation pledge.

It all looked so different just four months ago. Then, Mr Malcolm Rifkind, transport secretary, had the air of a man in a hurry. No part of the railway would be untouched by privatisation in the lifetime of the next parliament, he said. The profitable InterCity and Railfreight divisions would be swiftly sold off - in InterCity's case, complete with tracks. Services on the loss-making Network SouthEast and Regional Railway networks would be franchised to whoever would run them with the smallest subsidies.

But the plans always seemed ambitious. Railfreight, which had good potential for making profits because it was unbundled by the cost and complexity of owning its own tracks, might conceivably have sold. But InterCity was far from making what the private sector would regard as a commercial return, and its most important route, the London Euston to Glasgow line, was badly in need of a £750m refurbishment.

Franchising, too, presented a series of problems. In the absence of any domestic or international market for used trains, where would franchisees get their rolling stock? What would happen if a franchise went bust? What sort of service would people get from a company serving out the last few months of a franchise that had not been renewed?

Another feature of the Rifkind plan was on-track competition, at least for InterCity. But if InterCity owned the tracks, what was to stop it keeping competitors away by inflicting punitive charges for access? And if a regulatory body was set up to prevent

Whether they swallow it or not is another matter. But their two big concerns - fare rises and service cuts - are likely to remain naggingly persistent. After all, if BE's services are sold to the private sector, then the government will relinquish control over fares and timetables. If it insists on retaining that control, then the private sector will not want to buy the services. No amount of repackaging will make that conundrum go away.

Insider spoils

Perhaps City villains should take a tip from the world's drug traffickers. If you have to get arrested and thrown in jail, Zurich is the place to have it happen.

The persons are nice, and you get paid £7.60 a day net for your labours. South American drug sports love it, it seems, because they can make more money there than at home. With an average sentence of 38 months, they can stash away a tidy £2,500. Moreover, they can ship it home without hindrance because Swiss law forbids anyone to make a claim on the money.

All this, plus the cost of prosecution which is paid by the state, has been getting on the nerves of Marcel Bebie, public prosecutor in the district of Bülach which, being adjacent to Zurich airport, has to handle all the mules caught on their way to the city's big drug market. Bebie suggests the level of jail pay should be related to the cost of living in the criminal's country.

Then only the Japanese would want to come.

Strange taste

The idea that Warren Buffett, the canny American investor, has suddenly found a taste for the shares of Guinness, Britain's sixth biggest company, is a bit hard to swallow. True, Buffett likes to take big stakes in solid brand names and has done very well by investing in that other well-known drinks company, Coca-Cola.

But Buffett tends to invest in famous names when they are down on their luck. Witness his current love-affair with Salomon, Guinness, by contrast, has been outperforming the market for years and is selling on 18 times earnings. It is hard to see how it can perform much better.

OBSERVER

If Buffett really has a big stake in Guinness - one per cent would be worth over £100m - perhaps he should be thinking of lightening his load, rather than adding to it?

On the turntable

How time flies. Remember a punk band from the late 1970s called the Sex Pistols? Didn't EMI sign up the group and then drop them after the group had released only one record because it was worried about the bad publicity? And didn't Richard Branson's Virgin records then release their album, Never Mind the Bollocks, Here's the Sex Pistols, which contained a track called EMI?

It was not a flattering little dirty and ended with a loud raspberry. Presumably, Thorn EMI now owns the rights to the company song.

Precautions

It's over four months since Robert Maxwell died but bizarre anecdotes about the man continue to surface in odd places.

The latest, recounted in a review of Tom Bower's Maxwell biography in the Times Literary Supplement, could have come straight out of a film script about Harry Lime's post-war underworld. Maxwell had invited Rodney Leach, a Rothschild banker, to visit him alone at Headington Hall. "Alarmed by the underworld tales which had come to my ears about his years in the Berlin Control Commission, I agreed to the visit on one condition, that telephone calls would be put through to the house at specified times, and if I did not reply the caller would summon the police," writes Leach.

Maxwell showed not a flicker of offence or surprise. "Indeed, he seemed to view my precautions with some respect, as evidence that I had at least an inkling of the realities of life," says Leach who now sits on the Jardine Matheson board.



"Have a dramatic week in British politics"

of offence or surprise. "Indeed, he seemed to view my precautions with some respect, as evidence that I had at least an inkling of the realities of life," says Leach who now sits on the Jardine Matheson board.

Lindi's broadcast

It sounds as if there is a little disagreement behind the cameras about the content of what could be Britain's most exciting party political broadcast this year.

If Lindi St Clair, founder of Britain's Conservative Party, can raise a minimum 50 candidates willing to stand in the election, her party will qualify for an election broadcast. St Clair envisages a broadcast replete with brocade scenes - featuring "lots of condoms, disinfectant and clean sheets" - to lend credence to her main policy idea - legalising prostitution. "The clean side of a brothel has never been shown on the media," she says.

That is not quite what the BBC has in mind. Margaret

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Unsteady footing at financial summit

Haig Simonian explains why Mediobanca, the Italian merchant bank, is in need of new ideas

Italy's most powerful merchant bank, Mediobanca, is facing a crisis of confidence. After 40 years at the pinnacle of the country's financial establishment, serious flaws have been exposed in the strategies on which it built its success. Even some of its long-standing industrial clients have begun to question their close relationship with the bank.

Ever since the Second World War, Mediobanca has controlled the levers of power in Italy's financial and business world. The man tugging on the handles has been Enrico Cuccia, now, at 84, Mediobanca's honorary chairman, but still very much in charge.

Mr Cuccia has built Mediobanca's influence on two sets of alliances, at home and abroad. Within Italy, it has acted as the house bank of the *salotto buono*, the family groupings that dominate Italian business, enhancing their control with ever more complex webs of shareholdings. Elsewhere in Europe, rather than open its own foreign offices, it has developed close, informal links with a handful of well-established merchant banks, such as Germany's Berliner Handels- und Bank (BHF), the UK's S G Warburg and France's Lazard Frères.

Until now, these twin sets of alliances have reinforced one another. Mediobanca's dominance at home has increased its usefulness to its foreign allies; the strength of its international relationships has enhanced its usefulness to its domestic clients.

Now, this neat pattern is unravelling. In three recent deals, for some of the bank's biggest clients - the Agnelli family, the Pirelli tyres and cables group and Generali, Italy's biggest insurer - Mediobanca has stumbled. Its strategy is running into trouble, at home and abroad.

Within Italy, Mediobanca's dominance is threatened by the passage of investor protection laws to safeguard minority shareholders and promote greater transparency in big business transactions. This is a direct attack on the *salotto buono*'s pattern of secretive pacts between small groups of shareholders - and hence on Mediobanca, architect of many such agreements.

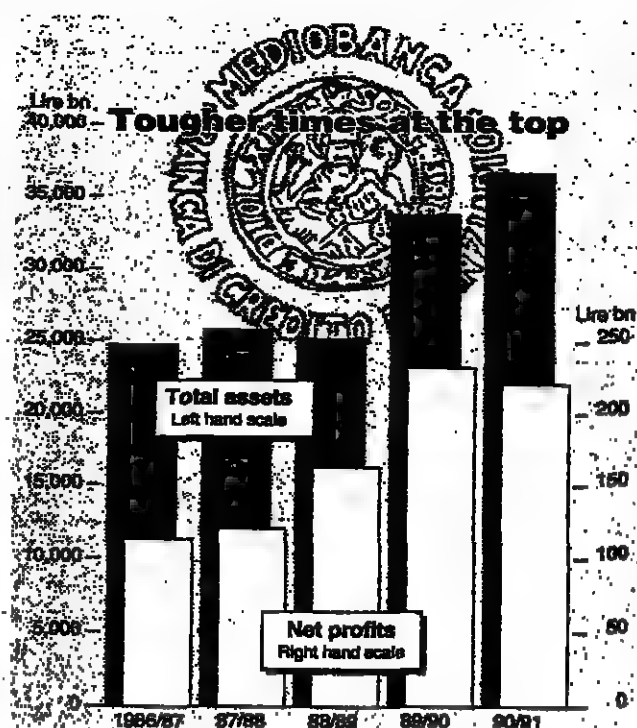
In the rest of Europe, Mr Cuccia's policy of alliances rather than direct expansion looks increasingly old-fashioned. The creation of a single European market and the growth of cross-border mergers and acquisitions have led the continent's big banking houses to establish wholly-owned pan-European networks. Internal working alliances are

out of style. The problems created by its failure to establish a wider network of its own is well illustrated by the most spectacular of Mediobanca's recent setbacks: Pirelli's defeat in its 15-month struggle to take over Continental, its German rival in the tyre business. The failure has a number of causes but neither Pirelli nor Mediobanca, traditionally, its principal adviser, emerges well from the story.

Continental's adviser was Morgan Grenfell, the UK merchant bank bought in November 1989 by Deutsche Bank - with which Mediobanca has worked closely in the past. Deutsche Bank's acquisition of Morgan Grenfell was a striking example of the newly forming pan-European investment banking networks. The Continental battle was a clear victory for the new era: the combination of Anglo-Saxon takeover expertise and solidarity among the German financial and industrial companies which rallied to Continental's defence left Pirelli and Mediobanca outgunned.

Mediobanca's second setback has come in France, where the Agnelli family, which controls Italy's biggest industrial group, Fiat, is fighting for control of Parler, the mineral water concern. For decades, Mediobanca has been the Agnelli's closest and most trusted financial adviser. It is not directly involved in the Parler bid, and so its prestige is not immediately at risk. But the stakes are high, nonetheless: the Agnelli look like losing Parler to a bid from Nestlé, the Swiss food group, backed by Lazard Frères and other important French banking names. Mediobanca has had to stand helplessly by as one of its most important clients has run foul of one of its traditional allies, Lazard Frères.

The third setback came at home, where its 11.750bn rights issue for Generali last year - the biggest capital-raising exercise by a quoted company in Italy - prompted unprecedented criticism by politicians and the press. For years, Mediobanca has been



the company's merchant bank; it is also the biggest single shareholder in Generali, with a stake of almost 6 per cent.

Bankers criticised Generali's rights issue as an attempt by Mediobanca to reinforce its hold over the company. Suspicion was aroused by the byzantine structure of the deal, which involved both new shares and warrants to purchase additional stock in the future. Under the terms, voting rights for those shares not taken up immediately by investors would rest with a Mediobanca-controlled subsidiary. That could leave Mediobanca controlling another 30 per cent of the company's expanded share capital.

The storm caused by the company's merchant bank; it is also the biggest single shareholder in Generali, with a stake of almost 6 per cent.

Mediobanca will have to come to terms with more transparent markets

Generali deal provoked an outcry in the Italian parliament. The controversy played into the hands of politicians seeking new rules to protect small shareholders. Legislation to guarantee minority shareholders' rights is commonplace in most big industrialised countries, but only became law in Italy at the end of January.

The new regulations strike at the heart of Mediobanca's use of equity holdings to cement its dominant position in corporate finance. One of Mr Cuccia's most famous observations is that shares in Italy are not counted, but weighed. That refers to Mediobanca's technique of assembling small groups of shareholders, each owning a fraction of a quoted company, but whose pooled interests are enough to give them control. Such long-term shareholder pacts lie behind many of Italy's best-known groups like Pirelli and Olivetti. The new Italian laws do not specifically ban shareholders' pacts. However, the exact sta-

tus of these agreements is now uncertain, and could soon be tested in the courts. The new legislation also outlaws the practice of selling significant stakes in quoted companies at a premium price, one of Mediobanca's favourite corporate power-broking techniques.

The laws threaten Mediobanca's style of backroom diplomacy, increasingly anachronistic in Italy's new era of corporate transparency. Its whole style - an intense dislike for publicity, a powerful, inbred corporate culture - may also have been overtaken by events.

Mediobanca has just over 100 professional bankers among its 300 staff, all based in a single Milanese palazzo. Competitors define them as almost a "fraternity", professional and dedicated, but prone to arrogance. "Its staff may be brilliant, but even Mediobanca has to adjust to the new era," says a leading Italian banker. "Merchant banks much bigger and more powerful than Mediobanca have recognised they must follow their clients abroad."

The pressures on Mediobanca are worsened by growing domestic competition. Dozens of new merchant banks have sprung up in the past five years. Many are insignificant. But some, like Akros, the highly capitalised merchant bank, are already licking at Mediobanca's heels. Others, like SIGE, the Milan-based investment banking arm of the IMI financial services group, can rely on a steady flow of business from their parent companies. A turning point may have come last year when SIGE was appointed by the UK government to be the lead manager for the Italian part of the UK electricity privatisation. Traditionally, Mediobanca would have expected that role by right.

It is not too late for the bank to adapt to the new era, building on its strengths to create a new, less inward looking and conservative institution. Its chairman, Mr Francesco Cingano, is a respected banker and former managing director of Banca Commerciale Italiana, the country's most prestigious commercial bank. He is well regarded, but hardly the breath of fresh air to revolutionise Mediobanca.

To safeguard its central role in Italian finance, Mediobanca will have to come to terms with more transparent domestic markets and a new era of European competition. That may have to wait until the moment Mr Cuccia surrenders control. To preserve the bank they inherit, Mr Cuccia's heirs may find themselves dismantling much of his legacy.

Samuel Brittan

Deficit theories pro and anti



Unease is already being expressed at the thought of Norman Lamont, the UK Chancellor, adding further to the British budget deficit by cutting taxes.

The argument for extra borrowing is the old so-called "Keynesian" one that it will stimulate spending and thereby help recovery from recession. For if an active fiscal policy really does make real GDP higher than it otherwise would be over a period of years, this would be a real gain to offset against the transfer burden on future taxpayers.

The case against any extra borrowing then boils down to the assertion that any output gains will be either too small to justify the risk, or temporary in the sense that they will be lost when the government curbs demand in the next boom. In that case the extra servicing cost on future taxpayers will be incurred for nothing.

There is a wise-guy argument why a stimulus would be ineffective. This argument is known by the pompous title of Ricardian equivalence, but it has more to do with the contemporary US economist, Robert Barro, than the early 19th century English economist, David Ricardo. This says that taxpayers know that borrowing will have to be serviced and ultimately repaid, and thus increase their savings accordingly, starting now. In that case the borrowing does no harm either. For it makes no difference if government finances itself by taxes or borrowing.

One would hesitate to stake one's life on the Barro doctrine. For it is difficult to believe that abolishing taxes altogether, or alternatively, doubling them, would have no effects for good or ill. But over moderate ranges Ricardian equivalence has worked better than might have been expected. The failure of the US budget deficit to have the horrifying inflationary effect that some predicted and the failure of the very large British budget surplus in

1989-90 to do much to slow the economy or offset inflation are points in Barro's favour.

My own doubt is the more straightforward one that a big demand stimulus of any kind could easily halt or reverse the progress in reducing inflation. Even now, inflationary psychology has not been completely eradicated and past experience has shown how easy it is to stimulate the economy when it is already about to move upwards.

Why would not the same objection apply to a monetary stimulus, if the Bundesbank allowed it? The difference is that an interest rate can easily be reversed, while something like an income tax reduction, even if it takes the form of a higher tax starting point, becomes embedded, and extremely difficult to reverse.

Any extra red ink in the Budget needs then to be justified by one of two alternative criteria. Either the stimuli ought to be rather like monetary policy in being easily and perhaps automatically reversible. This would point to indirect taxes and temporary investment incentives rather than income tax cuts.

Alternatively, they need to contribute to the long-term growth of the economy, so that some benefit is left even if there is no Keynesian stimulus. But it is far too simple to equate such expenditure with "investment" in the Budget accounts. It would be all too easy to translate Kinlock's borrowing-to-build into higher pay for workers on council contracts. And there are changes, such as eliminating work disincentives at the bottom of the income scale or selective spending on, for instance, science and engineering teaching, which could increase the economy's growth potential, even though they count as current.

My conclusion would be that some extra borrowing would be justified for investment, defined very broadly, and not in accounting terms. But this is not what I expect. The result of tomorrow's borrowing will be little good and moderate harm. I am much more interested in what happens to interest rates in Germany.

Kinlock will accept the Tory deficit and try to divert it to public spending

LETTERS

A method to determine any bias of risk among Lloyd's syndicates

From Mr A R Platt.

Sir, You report on the problem of so-called "insider dealing" at Lloyd's ("Lloyd's inquiry starts as insider row grows", March 5).

It is certainly important to look at the membership of particular syndicates, in a "vertical" manner as it were, to see whether this shows bias. However, it is perhaps even more important to look "horizontally" at the spread of syndicates, and especially at the underwriting lines on high risk syndicates, of individual Names.

That information should then be correlated with the members' agents through whom the Names underwrite. A Name's contract with his agent stipulates that the agent is wholly responsible for the Name's underwriting, without interference from the Name.

It is therefore the agent's job to strike a sensible and safe balance for the Name, as between risk and reward. A "horizontal" analysis would show up whether there is a significant difference between working and external Names as to the risks they were taking, and whether particular members' agents were more liable than others to expose their Names (whether working or external) to undue risk.

Evidence is beginning to emerge, via the Name's Action Groups, that certain agents may have a very bad record in this respect.

An analysis of this kind is essential if a true picture is to emerge. The problem relates not only to insider dealing but also to the LMX "spiral", since a Name's membership of LMX syndicates is the main factor determining whether he had

excessive risk exposure and will now be bankrupted. Since Sir David Walker's investigation is to look at insider dealing and the spiral, I trust he will make a full study of individual Names' risk exposure in relation both to their membership of LMX syndicates and to the agents who placed them on those syndicates.

I can illustrate the need for this analysis by mentioning that there are Names whose underwriting was entirely on LMX, and that there is a large number of Names who are on several disastrous LMX syndicates. Most of these people face bankruptcy as a result. It is a highly significant problem.

Richard Platt, Belmont, New Road, Littleton, Winchester, Hampshire SO22 6QR

False terms pose danger

From Dr Nicos Papadakis.

Sir, "Muslims ready to take on Serbs in Sarajevo" (March 4) asserts that Greece opposes international recognition of an independent state on its northern border bearing the name "Macedonia" for fear that this will stir "Macedonian" nationalism in northern Greece.

Greece fears "Macedonian" nationalism in Greek Macedonia as much as it fears "Peloponnesian" nationalism in the colony of Thessalonika. "Macedonian" nationalism in Thessalonika and so on. That is not the danger.

The real danger lies in the expansionism implicit in the attempt of a small multi-ethnic, multi-ethnic Yugoslav republic artificially created by Tito in 1945 to usurp and monopolise a historical Greek name and to claim territories of neighbouring countries under false pretences.

Rather than providing support for Skopje's absurd and provocative views, we feel that, in the interests of peace and stability, such articles should avoid misleading and dangerous terminology.

Nicos Papadakis, press attaché, Embassy of Greece, 1a Holland Park, London W11 3TP

A welcome fillip to improve the status of engineers

From Mr Anthony Sumner.

Sir, It is disturbing that Britain is alone among 87 nations in the low respect and status that it accords to engineers. That is a principal reason why the number of first degree graduates going into engineering and allied industries has dropped 30 per cent in the last five years. "Engineers and a welding job" (February 25) was welcome publicity for

the efforts of the steering group which, with the approval of the 46 institutions representing engineers, is moving towards a new federal body as the focal point for the profession.

In his High Ford Management Lecture to the Institution of Mechanical Engineers, our chairman, Mr Lewinton, recalled how, in the 1970s, the big accountancy firms pooled their

efforts in a marketing campaign that transformed the social standing and image of their profession.

He called on engineers to adopt a similarly positive approach. We in TI Group wish the steering group success.

Anthony J Sumner, director, TI Group plc, 50 Curzon Street, London W1P 1PN

Britain's narrowly educated accountants trail the international field

From Mr Peter McGregor.

Sir, The problem identified by Christopher Lorenz ("The sum total adds up to more than figures", March 6) is made worse in Britain because our very large numbers of accountants are much less well educated than those in other countries.

Only recently have most of them been graduates; even now I would expect very large numbers of them to have given up science subjects at about 14.

Engineers and others can learn about accountancy at any business school, and they do. Anyone who has done C-level arithmetic can understand accounting procedures, if not be an expert on tax avoid-

ance, balance sheet cosmetics, takeover financing and other attributes which really account for the dominant position of accountants.

That is due to the continual invention of both Labour and Conservative governments of new financial traps, tax laws and, occasionally, incentive grants of allowances involving labyrinthine processes of application.

There is nowhere for accountants to learn about technology. A few years ago I realised this and ran an experimental Technology Summer School at Templeton College Oxford, with the college's full support. It was aimed at bankers and accountants. A group of front

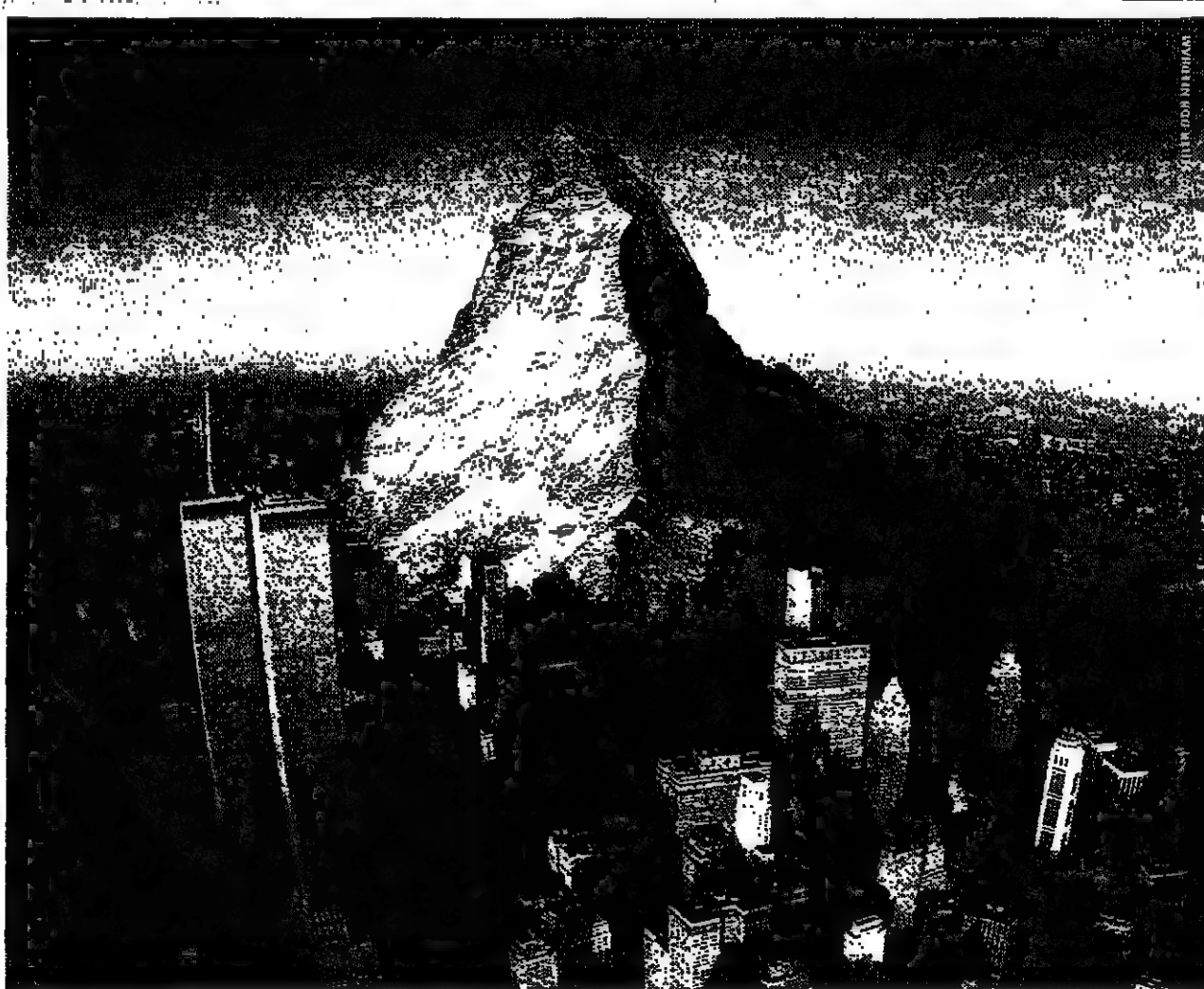
ranking scientists in their 30s was assembled and a programme of introduction to scientific and technological thinking designed. Hundreds of letters were sent to chairmen, managing directors, financial directors and others in companies, banks and accountancy practices.

The first participants were all nominated by a small and select number of chairmen of their companies.

If the letter got to finance directors or "directors of human resources", they tended to reply that "the school did not meet any of their closely targeted training needs". However, we were offering education, not training.

In fact, the school was judged by participants (in response to very detailed interrogation) to be most successful, but ran at a loss for the first year. We could not attract sufficient nominations for the second year to make it pay its way, and the idea was dropped.

Attempts are being made to broaden secondary education. Engineers and technologists have plenty of opportunities to learn about finance and economics. What a pity that business schools are not in a position to broaden the education of our narrow accountants. Peter McGregor, McGregor and Associates, PO Box 93, Abingdon OX13 5JE



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INSIDE

New twist in Parretti battle for MGM-Pathé

Mr Giancarlo Parretti, the controversial Italian financier, claimed yesterday he had scored a court victory in Rome in his long-running battle with Crédit Lyonnais, the French state bank, for control of MGM-Pathé, the financially crippled Hollywood studio. Page 17.

ACT gets the thumbs down

Advance Corporation Tax is central to UK corporate taxation. Mostly, it works smoothly, and there are few complaints. But for companies with big overseas operations, it is a nagging worry and some of Britain's biggest companies are hoping this week's Budget will end what they see as an unfair tax penalty for internationally minded firms. Page 16.

Political jitters hit UK gifts

Something had to give — and it did. After two months of highly respectable price rises, the UK gift market last week went into reverse on fears about a poor showing for the Conservative Party in the general election and a big rise in the public sector borrowing requirement (PSBR) in the next two years. Page 18.

Airlines after funding course

Boeing, the world's largest manufacturer of commercial aircraft, predicts airlines will turn to international capital markets to raise funds as traditional sources dry up. And international bankers expect a shift from bank loans and leases as airlines switch to the bond markets and more innovative financing. Page 18.

Fears over equity-linked bonds

Big sums of equity-linked bonds launched in the international market in the late 1980s fall due for redemption this year and next. Normally the debt would be refinanced with new equity-linked bond issues. However, many issuers never expected to redeem the bonds, and the appetite of international investors for equity-linked paper is much less than when the bonds were issued. Page 19.

Eurobond clearing houses agree

Cedel and Euroclear, the two Eurobond clearing houses, have agreed to exchange clearing information ending two years of dispute. The new "bridge" system, to come into force in October, will save about \$30m a year and increase efficiency. Page 18.

Market Statistics

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SHAKESPEARE asked: "What's in a name?" The question on the lips of Europe's central bankers is "What's in a clause?"

The argument about central banking independence is crucial to the political jousting over European Monetary Union (EMU). Parliaments around Europe are being called on to ratify the treaty for EMU agreed last December at Maastricht. The small print will be keenly scrutinised.

There are strong indications from the German Bundesbank and the Bundestag (lower house of parliament) that treaty language on EMU which might have seemed acceptable three months ago now looks less than adequate to settle German qualms about giving up the mark.

The pivotal component of EMU, set to take place at the latest by 1999 according to the Maastricht timetable, would be an "independent" European central bank (ECB) running the future single European currency.

At the insistence of the Germans, heads of government at Maastricht agreed a statute for the mooted ECB assuring that the bank should not take "instructions" from governments.

Indeed, the statute goes further than the 1967 Bundesbank Law in assuring the prime goal of price stability. The law governing the Bundesbank talks more vaguely of "safeguarding the currency" — a concept which was first introduced into the Reichsbank Law in 1929, and interpreted for most of the first 20 years of the Bundesbank's existence as establishing exchange rate stability as the priority.

Mr Hans Tietmeyer, vice-president of the Bundesbank, is a great believer in EMU, but on Germany's terms. He is one of the leading figures in Germany challenging the assumption that clauses in central bank statutes, by themselves, are enough to guarantee a low inflation rate.

For Mr Tietmeyer, the general economic and political

The road to EMU develops some potholes

environment in which a central bank operates is the most crucial factor in determining whether it will carry out its job properly.

"It will be of great importance," said Mr Tietmeyer in mid-January, "if and to what extent the future European central bank succeeds in winning an independent profile linked to price stability. In contrast to German monetary union [when the Bundesbank

post-war Germany]."

Mr Tietmeyer's speech is in line with the general German mood of questioning over Maastricht now emerging into the public spotlight.

Mr Wilhelm Nolling, the mercurial Social Democrat president of the Hamburg central bank and one of the most outspoken members of the Bundesbank's policy-making council, went further in a powerful Maastricht critique published at the end of last month.

Even though the EMU treaty "fully" took over German ideas on the independence of the ECB, Mr Nolling warned against "overestimating" the role of the future European central bank.

The trust of German public opinion in the Bundesbank had been built up over years. It could not be automatically transferred to the ECB.

The debate about central banking independence is all the more poignant because most independent central banks are not doing well in the fight against inflation.

The Japanese and French central banks, more beholden to governments than the German and Swiss ones, are chalking up better "stability" performances than the Bundesbank and the Swiss National Bank. Even Britain records a similar inflation rate to Germany's 4 per cent.

Germany's lagging in the

Many fund managers see hung parliament

By Terry Byland in London

UK FUND managers remain convinced the Conservatives will emerge as the strongest single party in the UK House of Commons after the general election, although a significant number now foresee a hung parliament, according to the latest survey by Smith New Court, the UK securities house, and the Gallup polling organisation.

Managers are optimistic about domestic interest rates and inflation but slightly less bullish on UK equities than when last polled. A balance of 30 per cent of managers intend to reduce holdings in US equities, seen in London as over-valued at current levels on the Dow Jones Industrial Average.

For this week's budget speech from Mr Norman Lamont, the UK chancellor of the exchequer, the 101 institutions surveyed, which handle funds worth \$523bn (\$920bn), are in broad agreement. An overall net tax reduction of around £3bn, including a 1p cut in basic rate income tax, accords with the general view in the City of London.

However, many managers reiterated alarm signalled last week in the bond and currency markets over the outlook for the Public Sector Borrowing Requirement (PSBR). The consensus is that the chancellor will on Tuesday announce a PSBR of £23bn for 1992-1993. But 5 per cent of those surveyed fear a PSBR estimate of £30bn or more.

Increasing concern over the outlook for US equities displayed in the survey was counterbalanced by enthusiasm towards continental European equity markets where 38 per cent of managers plan to increase their holdings. While opinions on UK equities remained positive, the net 10 per cent of managers taking the bullish view had fallen from a net 17 per cent in January.

On longer-term prospects, 75 per cent of the survey was bullish on the outlook for UK market over the next 12 months, while for Japan, the balance on the positive side was 73 per cent and for Europe 49 per cent. A balance of 2 per cent is bearish for the US equity markets for the year ahead.

UK optimism is based on expectations that the economic background will improve this year. Managers believe that in 12 months base rates will be down to 8.5 per cent from the present 10.5 per cent, while yields on 15-year high coupon government bonds will have fallen to 8.9 per cent.

Daniel Green on the merger of Apollo and Galileo

Airline industry mergers are possible after all. Just one week after talks between British Airways and KLM, the Dutch airline, collapsed, two of the world's biggest computerised reservation systems, Apollo of the US and UK-based Galileo, announced they are to merge.

The trend towards global air transport provoked the 11 airlines that owned both systems to bury their differences to create a new \$1.5bn company.

Although five of the 11 — BA, KLM, United Airlines, Swissair and Alitalia — held stakes in Galileo and Apollo, the deal is the first big merger in a business where most participants are state-owned and jealously guard their independence.

Each of the world's handful of computer reservation systems (CRSs) carries information on hundreds of airlines. Travel agents can search for the cheapest fares, or ask for specific departure times or the fewest stops. Bookings can then be made and tickets issued.

Passengers increasingly want to book flights anywhere in the world from their home countries. Business travellers need complex itineraries in advance and may want to change them during the trip. A CRS needs to be available in travel agencies around the world to serve these markets.

CRSs do more than just sell tickets. Agents can use them to arrange car rental or rail tickets and cabins on cruise liners. Mostly they book passengers into hotels, some of which are owned by the airlines.

Such is the lure of world domination that even the biggest CRS, Sabre, owned by American Airlines, has sought in vain to merge with one of the two large European rivals, Amadeus, owned by Lufthansa of Germany, Iberia of Spain and Air France.

Apollo is the second biggest and Galileo is the other European CRS. Their merger is not as dramatic as if airlines themselves had merged. But the driving force that created Galileo International — globalisation of the industry — has also pushed carriers on both sides of the Atlantic to take stakes in each other and hold unsuccessful merger talks.

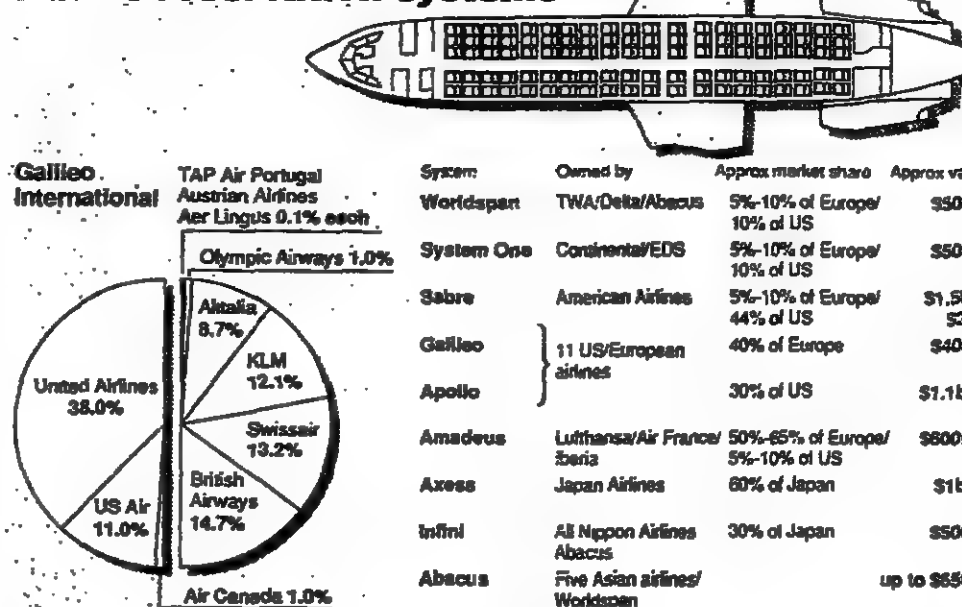
Perhaps most importantly, airline involvement in a CRS could allow them to make more money from each aircraft seat. The airlines call it inventory control. Almost 30 different fares are sold on each aircraft, depending on the airline's strategy to sell seats at prices enough to suit seats but keep them high enough to make money. They must be prepared to switch wide-bodied jets quickly to new routes if demand rises and decide when to offer upgrades.

"Airlines can maximise their revenue streams by inventory control. It's indispensable," says Mr Kevin Murphy, an airline analyst with Morgan Stanley in New York.

The dividing line between suc-

Airline ticket shops bridge the Atlantic

Airline reservation systems



cess and failure is fine. American Airlines, one of the top two in the US, says that one extra passenger on every flight would add \$14m to revenues and almost that much to profits. Last year was one of the worst years in its, and the industry's, history. American was about two passengers a flight short of profitability.

"The CRS is the way into controlling passenger flows and will become more important with passenger growth," says Mr Richard Allen, airline analyst with UBS Phillips & Drew in London.

Such control is not cheap. Amadeus has spent \$3bn establishing itself, much of it on software.

Sabre, the biggest CRS and owned by American Airlines, takes bookings for 1.5m flights daily and deals with 20 times that many enquiries on 740 airlines.

"The rewards can be high. Sabre's turnover was about \$550m last year in spite of the Gulf War and recession-induced slump in air traffic. Sabre has a bigger turnover than American Airlines' entire cargo operation. In spite of its size, Sabre attempted a merger last year with Amadeus. The plan foundered in October largely because the computers were incompatible."

Amadeus is talking to Worldspan and System One, the third and fourth biggest US CRSs. "We hope to make an announcement on technical links with Amadeus within weeks," says Mr Roy Burnham, Worldspan's European

managing director. Mr John Pope, chairman of the consortium that runs Apollo and a vice-chairman of United Airlines, said the deal cemented and formalised the relationship with Galileo.

The two groups faced few technical problems. Galileo had licensed its software from Apollo, and they have set up task forces to examine ways to cut costs.

Mr Pieter Bouw, president of Galileo and chairman of KLM, the Dutch airline, says most savings will come from staff cuts among about 500 data-processing staff in Swindon, headquarters of the pre-merger Galileo. The computer centre for Galileo International will be in Denver, Colorado. In return, the European airlines in Galileo International can appoint the first chairman of the group.

Mr Bouw refuses to commit himself over whether lower costs mean falling booking fees. And he struggles to identify any tangible benefits to passengers.

The savings will probably end up on the bottom line of the airline industry and add to the reputation of CRSs as money-making machines. Airline chief executives would rather sell their airlines than lose their reservation systems, runs an after-dinner joke in the industry.

Yet sell their reservation systems is what they may be asked to do. The US Department of Transport is scheduled to re-

examine CRS industry rules before the summer. It is worried about the potential advantages ownership of a CRS gives. CRS owners will be able to control inventories better, new airlines will face higher barriers in an already capital-intensive business.

Top of the list for criticism is Sabre because it is owned by a single airline. American Airlines insists Sabre does not promote its own tickets. Other CRS owners are equally adamant their technology has no favourites. But that will not make the critics go away, and pressures to float off CRSs as independent corporations are likely to grow.

One response is further mergers. Diluting the ownership among greater numbers of airlines could deflect criticism.

But the bigger prize to be won through consolidation is raising the value of the system. CRS executives give few clues as to the worth of networks. But by taking the value of Apollo as \$1bn in 1988, when a half share was sold by United Airlines, taking into account traffic growth since then and the systems' estimates of their market shares, Sabre alone could be worth at least \$1.5bn.

The recent history of the airline industry is littered with failed attempts to create international mergers. CRS collaboration may yet provide a model for the world's airlines to join forces to offer one-stop shopping for the aircraft as well as the tickets.

Election win 'will spark UK share rise'

By Richard Gourlay in London

THE UK stock market would rise from current levels by the year-end whether Labour or the Conservative party formed the next government, according to research from stockbrokers James Capel.

Initially, the report says a hung parliament would leave the FT-SE 100 index around the 2,400 level because of the ensuing political and economic uncertainty.

However, the report suggests, a Labour victory would be greeted by a 10 per cent sell-off while a Conservative win would trigger a similar rise.

However, by the year-end the FT-SE would have risen to about 2,750 after a Labour win, only 250 below the level it would attain if the Conservatives were returned.

The research, based on replies from 105 of the largest companies in the FTA All-Share Index, throws up a strikingly different view of the likely election outcome from recent opinion polls.

More than half the respondents said they thought the Conservatives would be returned, 32 per cent forecast a hung Parliament and only 6 per cent expected Labour to form the next government.

An overwhelming 86 per cent of respondents believed that a Labour victory would be bad for the economy. However, only 63 per cent believed a Labour victory would be bad for their own business.

Altogether 78 per cent of respondents said a Labour government should not devalue sterling within the ERM but more than half believed it would do exactly that.

Sectors likely to suffer if Labour is returned would be: ● The conglomerates, where stricter regulation of acquisitions is expected; ● Consumer stocks, which would be hit by higher levels of personal taxation;

● Housing, in spite of higher spending on public projects; ● Labour-intensive businesses, as wages would rise due to adoption of the Social Charter; ● Regulated utilities.

While the Labour Party's attempts to woo supporters in the City might have won over some people, the James Capel survey shows corporate boards remain wary.

More than two thirds said they would not invest more if Labour persisted with plans to introduce tax incentives to encourage investment spending. And 69 per cent believed Labour was planning dividend controls.

Sansui in deal to swap equity for loans

By Simon Holberton in Hong Kong

TWO companies linked with Macao casino magnate Mr Stanley Ho are to increase their shareholding in Sansui, the troubled Japanese consumer electronics group owned by Polly Peck International, the failed conglomerate of Mr Asif Nadir.

However, the two companies, Grande Holdings and Semi-Tech (Global), have dissolved an arrangement under which they would have jointly acquired an interest in Sansui. Instead, they will hold their stakes separately.

The two companies said the cancelling of their previous agreement would provide them with greater flexibility in monitoring their interest in Sansui and better suit their respective business strategies.

The new arrangement means Semi-Tech will acquire between 19 per cent and 21 per cent of Sansui in return for a loan to the company of US\$50m.

Grande has undertaken to provide a loan of US\$50m as a requirement of the purchase of its 33 per cent.

Collectively, the two companies will increase their interest in Sansui from 32 per cent to more than 50 per cent.

The amount of equity they will own depends on the outcome of a plan by Polly Peck's administrator to sell a 49.1 per cent interest in Sansui's Italian subsidiary, the Imperial Group.

Sansui recently reported unconsolidated losses after tax for the year to December 31 1991 of ¥11.3bn (\$86.9m) and net extraordinary losses of ¥61.9bn.

This announcement appears as a matter of record only.

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Arranged by
Baring Brothers & Co., Limited



February 1992

Economics Notebook

By David Marsh

In 1990 took over control of the East German currency area the institution which takes over responsibility [in Europe] will not be one with a well-established track record.

"It will be a question of setting up a new supranational institution which can rely neither on its own tradition of stability orientated policies, nor on support in public opinion comparable to the situation in

| CENTRAL BANKS in descending order of independence | |
|---|------------------|
| | Inflation rate % |
| Sweden | 5.3 (Jan) |
| Germany | 4.0 (Jan) |
| Switzerland | 4.6 (Feb) |
| Netherlands | 4.1 (Jan) |
| US | 2.6 (Jan) |
| Japan | 2.2 (Feb) |
| Britain | 4.2 (Jan) |
| France | 2.9 (Jan) |
| Italy | 5.3 (Feb) |

COMPANIES AND FINANCE

Bank may have left SE in dark over Blue Arrow

By Richard Gourlay

THE BANK of England may have withheld crucial information about County NatWest's role in the failed Blue Arrow shares issue from late 1987, according to Mr Robert Wilkinson, a former stock exchange director of surveillance.

Mr Wilkinson's remarks, in a Channel Four programme by Fulcrum Productions, will fuel debate about the Bank's dual roles of promoting and policing the City.

The programme, due to be screened on Thursday, suggests that the Bank left the Stock Exchange in the dark about County NatWest's holding of Blue Arrow shares after shareholders only took up their rights to 38 per cent of the shares on offer.

Four City financial advisers were last month convicted of conspiracy to defraud over their handling of the £837m rights issue for the employment agency. After the offer closed, County NatWest and other institutions bought extra

shares to make it appear that the issue had been less under-subscribed.

When the stock market crashed in 1987, Stock Exchange officials were aware that County had a large exposure to a big listed company. The Bank had already been told County was looking at a £43m loss on this interest.

But the Bank would not reveal to Mr Wilkinson the identity of the company in which County had its large stake. This was, according to Mr Wilkinson, "for reasons of banking secrecy".

County had told the Bank that it had taken on the unwanted Blue Arrow shares the day after the rights issue. The Bank was expected to announce shortly whether it will proceed with a second Blue Arrow trial.

Restructuring leaves Yeoman with £137m loss

By Terry Byland

CLF YEOMAN, the Dublin-based asset finance company, returned profits of £17.35m (£6.8m) pre-tax for the 18 months to end-August 1991. That compared with profits of £18.46m for the year to February 28 1990.

A tax charge of £118.71m (credits £12.38m) and restructuring charges of £125.55m, which were taken below the line as extraordinary items, left the company £137m in loss for the 18 months.

Along with the results the company gave further details of the sale of CLF Holdings, its troubled UK ticket leasing subsidiary. The offshoot was disposed of "for a nominal amount" as part of a planned restructuring of the CLF Yeoman group which the board proposes should be renamed Yeoman International.

Yeoman is involved in litigation arising from the acquisition of CLF but has reached agreement with its syndicate banks on the chief points involved in restructuring the £39m debt which helped fund the purchase of CLF.

A plea that could put an end to an 'unfair tax'

Peter Martin on a nagging worry for companies with an international flavour

SOMEWHERE in the Chancellor's in-tray is a heartfelt plea from some of Britain's biggest companies that tomorrow's Budget will end what they see as an unfair tax penalty for internationally minded firms.

Advance Corporation Tax is a central part of UK corporate taxation. For the most part, it works smoothly - and there are few complaints. But for those companies with big overseas operations, it is a nagging worry.

Aggrieved finance directors say it is starting to affect the way companies run their businesses, driving them into moving research and development centres abroad, or making UK acquisitions they would otherwise not have considered.

The problem starts with a highly desirable feature of the UK tax system - shareholders are taxed only once on income from investments made abroad. But if a company has overseas subsidiaries, it must deduct ACT from them and pay it to the Inland Revenue. For basic rate taxpayers, dividends are then tax-free.

When the time comes for the company to settle its corporation tax bill, it deducts the ACT it has already paid.

For most companies, the system works perfectly: ACT is paid on dividends, then

deducted from mainstream corporation tax so that the income that flows through to taxpayers is taxed only once.

One side effect of the system is that for any company that pays no mainstream corporation tax but still pays dividends, ACT acts as a sort of minimum tax. No bad thing, thought parliament at the time.

Since then, this occasional development has become much more common. For three reasons:

● UK dividends have risen faster than profits in recent years. Industrial companies paid out over half their earnings as dividends in 1991. A higher dividend payment raises the relative importance of ACT vis-à-vis mainstream corporation tax, setting the "minimum tax" at a higher level.

● Big British companies have become increasingly international, deriving ever-larger proportions of profits from abroad. The recession, which has hurt UK operations disproportionately badly, has further increased this effect.

● Corporation tax rates have been cut sharply, to levels below those of most other countries. This is a good thing - but it means overseas taxes reclaimable against UK tax bills may well wipe out all of a

company's liability for mainstream corporation tax, leaving them with nothing to claim back ACT against.

So ACT acts as a minimum tax on dividends, on top of those overseas taxes they cannot reclaim.

Tax charges for big UK companies have been rising sharply as a result. GKN, which recently reported, paid 48 per cent of its profits in tax - up from 35 per cent the year before; the effective tax rates for other big motor component-makers could be as high as 70 per cent, analysts say.

A recent study commissioned by the 100 Group of big-company finance directors estimated that each year UK companies pay £400m a year in "surplus" ACT - tax which cannot be reclaimed against mainstream corporation tax. That may even be an underestimate, according to government sources.

One obvious solution is for companies to reduce their dividends - but they say that this is simply unrealistic.

"For us to reduce dividend payments there would have to be a significant change of heart by institutional investors," says Mr Roger Wood, group finance director of Wimpey.

Instead, they find other palliatives. One such - made possible by the transatlantic merger that formed Smith-Kline Beecham - is to have two types of equity so that overseas shareholders, at least, escape the ACT burden.

Another is to move costs abroad. Finance directors point to Pilkington's recent move abroad of research and administrative offices for its glass operations as a decision in which ACT considerations played a role.

A third solution might be to invest in the UK rather than abroad. That might damage the business in the long term, however. "We are world leaders in constant-velocity joints," says Brian Walsh, GKN's finance director. "Our customers are world companies. They want to have their suppliers at their elbow. Given that, there is no way we can just be a UK manufacturer."

So finance directors lobby the Treasury. They would like small adjustments to the impact of ACT in the short term. In the longer term, they want bigger reforms. Suggestions include a new ACT-free international holding company status for those businesses that work mostly overseas.

Another idea is a liberalised market in surplus ACT so that

companies with lots of it could sell it on, at a discount, to companies with remaining mainstream corporation tax against which to offset it. A third thought is to make ACT offsettable against all taxes - including those overseas.

The taxman is not sympathetic. One result of lower UK taxes is to make investing in the UK more attractive; the ACT effect is just one way in which that process takes place.

It is a system that subtly biases UK companies towards domestic investment. Would companies really prefer to solve the ACT problem by moving back to a system where dividend income was taxed twice, as in the US? And why should UK taxpayers compensate shareholders of a small group of UK companies for the tax rates set by foreign governments?

Still, with the plight of UK companies much in evidence this year, finance directors have not lost hope. They would like a short-term easing of the system; they would settle for a promise of a longer term review of the issue.

Because the problem is so complex, however, and affects such a relatively small number of companies, they may get neither.

Cadbury SA expands by 33.5%

By Philip Gawth in Johannesburg

CADBURY Schweppes South Africa, part of the UK confectionery, food and soft drinks group, reported a 33.5 per cent increase in earnings in 1991 despite the poor performance of the national economy.

Turnover rose 13.4 per cent to R610m, while operating profit went up by 28.6 per cent to R60.8m.

Attributable income was higher at R46.8m (R35.1m).

Mr Peter Bester, managing director, said that there was a marginal fall in sales volumes, but benefits from rationalisation and integration of Cape-Hampton, the sugar confectionery business acquired in 1989, and improved internal efficiencies and a better product mix had contributed to the improved operating

performance. The remaining 17.5 per cent minority holding in Chapeltown was bought for R19.8m effective April 1992.

Benefits from the Chapeltown acquisition allowed Cadbury's to record considerably higher operating profits despite difficult trading conditions and some labour difficulties.

Heavy provisions cut Britannia profit to £64m

By David Barchard

BAD LOANS forced Britannia, the tenth largest mortgage provider, to make the heaviest provisions in its history against possible losses during 1991. Provisions were up from £7.3m in 1990 to £33.7m last year, driving the society's pre-tax profits down by 13 per cent from £73.5m to £54m.

Total group assets rose by 15 per cent in 1991 to £2.5bn (£1.4bn). Britannia's savings business rose by 21.6 per cent during the year to £334.9m compared with £268.5m and the society's assets grew by a further £175.4m as a result of its merger with the Mornington Building Society.

During August, the society

temporarily withdrew from the commercial mortgage market. Before provisions, Britannia's profits were up by 20.7 per cent and Mr Michael Shaw, managing director, said that it had made significant progress in a severely depressed market, and improved its market share on both sides of its business.

Britannia Life, the small life assurance and investment company which Britannia bought and demutualised two years ago, was said to have returned excellent results and made a better contribution to profits. In August 1991, it bought Crusader Insurance and increased its funds under management to £1.3bn.

CROSS BORDER M&A DEALS

| BIDDER/INVESTOR | TARGET | SECTOR | VALUE | COMMENT |
|--------------------------|-----------------------------|-----------------------|--------|-------------------------------|
| Alcatel-Alsthon (France) | Alcatel (US/France) | Telecoms | \$2bn | ITT sells last 50% |
| Calcestruzzi (Italy) | Harjes General Cement | Cement | \$390m | Only firm bid |
| AT&T (US) | Datad (France) | Prof Services | \$48m | Friendly public offer |
| Meggitt (UK) | Endevco Corp (US) | Electronic components | \$32m | Buy from Allied Signal |
| IVAX Corp (US) | Unit of Smith & Nephew (UK) | Pharmaceuticals | \$11m | Needs ok from regulators |
| Intrum Jeebles (UK) | Euraco (France) | Debt Collecting | \$8m | Creating Europe wide business |
| Powell Duffryn (UK) | Peabody Engineering Corp | Engineering | \$4.5m | Cash deal |
| Saga Enterprises (Japan) | WDC (France) | Computer services | \$1m | European market move |
| Unigro (Holland) | Greier Asturias (Spain) | Retailing | n/a | Unigro's 3rd Spanish buy |
| ABN Amro (Holland) | CME (Spain) | Stockbroking | n/a | ABN taking 80% |

Source: FT Mergers & Acquisitions International

Pacific Assets

Net asset value of the Pacific Assets Trust at January 31 1992 was 258.31p basic per share against 188.83p, or 232.78p diluted up from 172.71p.

Net profit for the year was £329,000 (£478,000) for earnings per share of 1.7p (2.55p). There is a single final dividend of 1p, against 1.875p.

DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres. dividend | Total last year | Total this year |
|---------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Flamingo Merc | 1.9 | May 5 | 4.15 | 0.7 | 6.4 |
| Latin Am Int | 0.54 | May 7 | 0.5 | 0.5 | 1.0 |
| TV-am | 10.2 | May 8 | 10 | 14 | 14 |

Dividends shown pence per share net except where otherwise stated. "Equivalent" after allowing for scrip issues. "On capital increased by rights and/or acquisition issues. "US\$ stock" = US cents. "2 for 11" months.

GREECE FUND LIMITED
International Depository Receipts
evidencing 100 shares of US\$ 0.01 each

Following the Annual General Meeting held on 14 November 1991, the Board announced that it continued to regret that shareholders were unable, through the stock market, to realise the full benefits of the company's investment performance as a result of the discount to the underlying net asset value. The Board confirmed that it would continue to review regularly the practicality of submitting proposals to shareholders to address these concerns.

At a meeting held earlier today, the Board considered a number of alternatives and resolved, in the absence of unforeseen circumstances, to put proposals to shareholders within the next three months.

INTERIM RESULTS

The Directors of Greece Fund Limited announce the unaudited results for the six months ended 31 December 1991.

| | Six Months Ended 31 December 1991 | Six Months Ended 31 December 1990 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Dividends & interest from investments | 1,843 | 2,002 |
| Deposit interest | 147 | 177 |
| Total Revenue | 1,992 | 2,179 |
| Expenses and interest | 746 | 886 |
| Revenue before taxation | 1,246 | 1,293 |
| Taxation on the revenue | 777 | 850 |
| Net revenue after taxation | 469 | 443 |
| Earnings per share (note 1) | 23.36 cents | 22.07 cents |

NOTES

1. Earnings per share are based on earnings of \$469,000 and on 2,007,600 shares in issue (30 June 1991: 2,007,600). Fully diluted earnings per share on the basis of the exercise of the warrants in issue are higher than the stated earnings.

| | At 31 December 1991 | At 31 December 1990 |
|---|---------------------|---------------------|
| Assets applicable to ordinary capital | US\$ 600 | US\$ 600 |
| Net asset value per \$0.01 share | 60.00 | 60.00 |
| Diluted net asset value per share (assuming conversion of warrants) | 60.01 | 60.00 |

In accordance with the intention expressed in the Placing Memorandum dated 7 September 1988, the Directors anticipate that dividends will be paid annually and are not declaring the payment of an interim dividend. During the six months to end December 1991, the net asset value of Greece Fund Limited decreased by 2.45% compared to a decrease in the Athens Stock Exchange (ASE) General Index of 4.55%, both expressed in US Dollar Terms. During this period, the Drachma appreciated by 11.70% against the US Dollar.

The Interim Report will be sent by mail to holders of registered shares at their registered addresses on 12 March 1992. Copies of the Interim Report will be made available to holders of the depository receipts and to the public at the Company's place of business in England, 33 Gutter Lane, London EC2V 6AS.

Depository: Morgan Guaranty Trust Company of New York, Brussels Office, 35 av. des Arts, 1040 Brussels.

Gencor Limited
(Incorporated in the Republic of South Africa)
(Registration number 0101/232/06)
(Gencor)

RESULTS OF RIGHTS OFFERS

Senbank is authorised to announce that:

- Gencor shareholders and/or their nominees had applied for 193,572,176 new Gencor ordinary shares at 1.000 cents per share when the rights offer of 199,949,913 new Gencor ordinary shares closed at 14:30 on Friday, 23 February 1992. Applications represent 97.8% of the ordinary shareholders' entitlement. The remaining 5,377,737 new Gencor ordinary shares will be taken up by the underwriter.
- Gencor Behrend shareholders and/or their nominees had applied for 126,885,561 new Gencor Behrend ordinary shares at 900 cents per share when the rights offer of 127,196,060 new Gencor Behrend ordinary shares closed at 14:30 on Friday, 23 February 1992. Applications represent 99.8% of the ordinary shareholders' entitlement. The remaining 110,799 new Gencor Behrend ordinary shares will be taken up by the underwriter.

Ordinary share certificates will be posted later today.

Johannesburg
9 March 1992

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(A division of Bankorp Limited)
Registration number 54/01539/06
(Registered bank)

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Ed Hem, Rudolph Inc.
Ivor Jones, Ray & Co. Inc.
UNITED KINGDOM:
Smith New Court Corporate Finance Limited

NOTICE TO HOLDERS OF

Daiva Danchi Co., Ltd.
(the "Company")

Bearer Warrants to subscribe for shares of common stock of the Company (the "Shares") issued with U.S.\$100,000,000 7 1/8 per cent. Guaranteed Bonds 1992

"ADJUSTMENT OF SUBSCRIPTION PRICE"

Notice is hereby given that as a result of the issuance of DM150,000,000 4 1/2 per cent. Bonds 1992 (1996) with Warrants by the Company on 20th February, 1992 with the initial Subscription Price per Share of ¥872 determined on 13th February, 1992 being less than the current market price of ¥1,175.1 per Share for the captioned Warrants as at that date, the Company adjusted the Subscription Price of the captioned Warrants as follows:

- Subscription Price before adjustment: ¥1,189.00 per Share
- Subscription Price after adjustment: ¥1,156.80 per Share
- Effective date of the above adjustment: 21st February, 1992 (Japan time)

9th March, 1992

Daiva Danchi Co., Ltd.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

THE KOREA-EUROPE FUND LIMITED
International Depository Receipts
issued by
Morgan Guaranty Trust Company of New York
Interim Report

The directors of the Korea-Europe Fund Limited announce the unaudited results for the six months ended 31 December 1991.

| | At 31 December 1991 | At 31 December 1990 |
|---------------------------------------|---------------------|---------------------|
| Assets applicable to ordinary capital | US\$ 600 | US\$ 600 |
| Net asset value per share | 60.00 | 60.00 |
| Investment Income | 193 | 211 |
| Dividends | 95 | 112 |
| Interest | 26 | 1,133 |
| Deposit Interest | 22 | 28 |
| Total Revenue | 316 | 1,348 |
| Expenses and interest | 830 | 730 |
| (Deficit)/Revenue before taxation | (514) | 318 |
| Taxation on the revenue | 30 | 108 |
| (Deficit)/Revenue after taxation | (544) | 210 |
| (Deficit)/Revenue per share | (1.52) cents | 0.73 cents |

Note 1: Comparative figures for 1990 have been restated as a result of the change of accounting policy concerning the recognition of bond interest adopted in the annual audited accounts for the year ended 30 June 1991.

Over the six months to 31 December 1991 the net asset value of the Company rose by 14.7 per cent, compared with a rise of 0.9 per cent in the KSE Composite Stock Price Index and a fall in the value of the Korean Won against the US dollar of 4.7 per cent.

Dividend payments by Korean companies are concentrated into the second half of the Company's financial year and as a result there is a deficit of revenue for the six months of the current year. The Directors anticipate, however, that there will be a surplus of revenue available for distribution for the year ending 30 June 1992.

The Interim Report will be mailed to registered shareholders at their registered address on 16 March 1992 and will be made available to holders of depository receipts at the offices of Schroder Investment Management Limited, 33 Gutter Lane, London EC2V 6AS.

Depository: Morgan Guaranty Trust Company of New York, Brussels Office, 35 av. des Arts, 1040 Brussels.

NOTICE TO HOLDERS OF

Sumitomo Heavy Industries, Ltd.

Bearer Warrants to subscribe for shares of common stock of Sumitomo Heavy Industries, Ltd. issued in conjunction with U.S.\$340,000,000 4 1/8 per cent. Guaranteed Bonds Due 1994

and

Bearer Warrants to subscribe for shares of common stock of Sumitomo Heavy Industries, Ltd. issued in conjunction with U.S.\$150,000,000 4 per cent. Guaranteed Bonds Due 1995

In respect of the captioned Warrants, notice is hereby given as follows:

On 10th February and 18th February, 1992, the Board of Directors of Sumitomo Heavy Industries, Ltd. (the "Company") resolved that the Company issue on 8th March, 1992 warrants to subscribe for shares of common stock of the Company in conjunction with U.S.\$170,000,000 3 per cent. Guaranteed Bonds Due 1996, the initial subscription price of which is less than the current market price per share of the Company as provided for in the respective instruments relating to each of the above Warrants.

As a result of the above-mentioned issuance of warrants, the Subscription Prices of the captioned Warrants will be adjusted with effect from 8th March, 1992 pursuant to the provisions of the respective instruments relating to each of the above Warrants as follows:

| | Subscription Price before adjustment | Subscription Price after adjustment |
|---|--------------------------------------|-------------------------------------|
| Warrants initially attached to 4 1/8 per cent. Bonds Due 1994 | ¥697 | ¥691.6 |
| Warrants initially attached to 4 per cent. Bonds Due 1995 | ¥747 | ¥741.3 |

Sumitomo Heavy Industries, Ltd.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

9th March, 1992

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£15 million Subordinated Floating Rate Notes Due 2001

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 5th March, 1992 to 7th September, 1992 the Notes will carry interest at the rate of 12.1875 per cent per annum.

Interest payable on 7th September, 1992 will amount to £8,210.62 on each £100,000 Note.

Chartered Bank Ltd Limited
Agent Bank

MANAGEMENT EDUCATION

The FT proposes to publish this survey on April 9 1992. It will be of particular interest to our audience of 104,000 businessmen in the UK responsible for making personnel/training decisions who read the weekly Financial Times. If you wish to reach this important audience of decision makers please contact:

Sara Mason
on 071 873 3349
or Fax 071 873 3064
for further information.

Data source: BHC Behaviour Survey 1991

FT SURVEYS

NOTICE OF CHANGE OF ADDRESS

The Bank of Tokyo, Ltd., London Office
as Paying Agent

NOTICE IS HEREBY GIVEN to holders of all Bearer Bonds and/or Notes for which The Bank of Tokyo, Ltd., London Office acts as Paying Agent that as of 9th March, 1992, its new address is:-

Finsbury Circus House
12-15 Finsbury Circus
London EC2M 7BT

The Bank of Tokyo, Ltd., Tokyo
As Fiscal Agent

9th March, 1992

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COMPANIES AND FINANCE

Parretti claims victory in latest MGM-Pathe twist

By Alan Friedman in New York and Haig Simonian in Milan

MR GIANCARLO Parretti, the controversial Italian financier, claimed yesterday that he had scored a court victory in Rome in his long-running battle with Crédit Lyonnais, the French state bank, for control of MGM-Pathe, the financially crippled Hollywood studio.

Mr Parretti said a Rome court had ordered the sequestration of shares in Pathe Communications and MGM-Pathe Communications, throwing into confusion an earlier US court decision giving control of the MGM board to Crédit Lyonnais nominees.

Full details of the decision were not released. However, the move probably represents an attempt by Mr Parretti to bring Crédit Lyonnais, whose Dutch subsidiary Crédit Lyonnais Bank Nederland largely financed his \$1.3bn November 1990 takeover of MGM-Pathe, back to the negotiating table.

Mr Parretti said in an interview last night he believed a compromise solution would be



Giancarlo Parretti: pledges to "defend my company"

found, but pledged to "defend my company".

The mercurial Italian financier - who said he was still appealing a four-year jail sentence in connection with his conviction on fraud charges in Naples - argued that the Rome ruling would mean the

immediate ousting of Mr Alan Ladd, the MGM chairman backed by Crédit Lyonnais.

Mr Parretti said that in place of Mr Ladd, the Rome judge had appointed Mr Cesare De Michelis, the brother of Mr Gianni De Michelis, Italy's foreign minister.

Last December, Crédit Lyonnais gained control of Pathe Communications after a long legal battle in the US.

Voting rights for Mr Parretti's controlling stake in Pathe Communications, which in turn controls MGM-Pathe, were subsequently allocated to Crédit Lyonnais, which installed new management.

Mr Parretti and two associates were removed as directors. There is now likely to be frenzied legal activity ahead of a second legal hearing, set for April 23, when the Rome court will decide whether to confirm the sequestration. Mr Parretti may well seek to use the interval to negotiate a deal with Crédit Lyonnais.

Moller sees threat in disclosure changes

By Hilary Barnes in Copenhagen

DENMARK'S biggest business, the A.P. Moller (APM) shipping, shipbuilding, energy and industrial group, is under political pressure to increase its financial disclosure.

Rules covering companies listed on the Copenhagen Stock Exchange exempt shipping lines from the obligation of disclosing figures in half-year reports, if the companies judge disclosure would damage their competitive position. A committee of experts reporting to the industry ministry has recommended the continuation of this dispensation, which is utilised by the APM holding companies, 1912 and Svendborg. However three political parties with a combined majority in the Folketing - the Social Democrats, the Radical Liberals and the Socialist People's Party - are calling for an end to the exemption.

APM argues that since many of its main competitors, especially Far Eastern shipping lines, do not publish annual reports, it has a strong interest in holding disclosure to a minimum. APM's Maersk Line is the world's second largest shipping company by container capacity. Taiwan's Evergreen is the largest.

Maersk is so well-financed that it has not raised new equity capital through the market for many decades, raising speculation it might withdraw its Copenhagen listing rather than meet more stringent disclosure requirements. Meanwhile, APM has disclosed that it owns 5.11 per cent of Den Danske Bank, the country's largest, making APM the second-largest shareholder after the National Labour Market Pension Fund, with 8.44 per cent.

The disclosure follows new rules requiring those with more than 5 per cent of shares in a company to reveal their holdings.

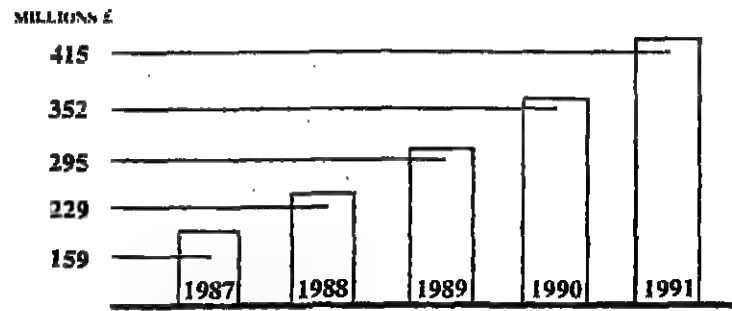
The same rules led to the disclosure of APM's ownership. Mr Maersk McKinney Moller, 78, the shipowner who heads the group, personally holds 5.98 per cent of the voting shares in Svendborg and 5.11 per cent in 1912. Mr Moller and his family foundations together control 56.47 per cent of the votes in Svendborg and 63 per cent of the votes in 1912.

As Moller business operations are owned by twin parent companies - neither of which holds a majority of the shares - APM is not legally a group under Danish law and therefore does not publish consolidated accounts.

Correction

Frank Lorenzo

A PICTURE of Mr Frank Lorenzo in the Financial Times of March 5 was incorrectly captioned as "chairman of Continental Airlines". Mr Lorenzo stepped down as chairman and chief executive in August 1990.

5 years compounded
27% annual growth
net income

Consolidated financial highlights

| Pounds | 1991 | (91/90) |
|----------------------------|----------|---------|
| Net income (in millions) | £ 415.0 | 17.9 % |
| Total assets (in millions) | 32,180.0 | 8.9 |
| Earnings per share | 3.5 | 26.1 |
| Dividend per share | 1.3 | 11.6 |
| ROE | 20.34 % | |
| ROA | 1.36 | |
| BIS RATIO | 13.24 | |

Conversion rate: £ 1.00 = Ptas 161.05

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Norway watchdog under scrutiny

By Karen Fosell in Oslo

NORWAY is preparing for the merger of its central bank and the Banking Insurance Securities Commission (BISC) - a government-funded watchdog - as pressure mounts on Mr Svein Aasmundstad, the controversial head of BISC, to step down.

The finance ministry has set up a four-person committee to study the feasibility of such a merger. A decision is expected in early May when the revised national budget for 1992 will be unveiled.

A merger would end the autonomy of the BISC, set up five years ago, but it would strengthen its credibility, which has been called into question on several occasions because of Mr Aasmundstad's public outspokenness.

In a recent outburst, a local news agency quoted the BISC chief as saying that the government was considering a write-down of the value of Den norske Bank's shares to zero.

Afterwards, trading in DnB's volatile shares was suspended on the Oslo bourse for several hours on February 28. Before the suspension plunged NKR1.70 to NKR0.30 on concerns over the bank's capital adequacy. The finance ministry quickly issued a statement confirming that DnB's capital adequacy met legal limits.

In a separate incident, Mr Aasmundstad last June warned that the government could intervene in Fokus Bank, the third biggest bank, until a bigger Norwegian bank was found to take it over. At that

time, Fokus enjoyed a bourse listing and its future nationalisation was not yet known.

The BISC chief's conduct on stock-sensitive information is understood to annoy bourse and other finance officials.

The idea of a merger of BISC and the central bank was first floated last June by Mr Harmod Skarland, the central bank's governor. In a speech on the occasion of the bank's 160th anniversary, Mr Skarland said then that a synergy could be derived from integrating the two institutions.

Mr Aasmundstad's future was discussed last Friday with Mr Arne Oien, secretary-general of the finance ministry. The ministry said the issue would be clarified in consultation with Mr Aasmundstad.

Trade in Italy's BNA to resume

By Haig Simonian in Milan

SHARES in Banca Nazionale dell'Agricoltura (BNA), an affiliated company forming Italy's second largest private sector banking group, will resume normal trading today after a decision on Friday by Consob, the country's stock market watchdog. However, investors will be banned from taking short positions in order to damp any speculation.

Consob had suspended shares of BNA - as well as Bonifiche Sile Finanziaria, its holding company, and Interbanca, its long-term lending subsidiary - after conflicting reports last month that the group's controlling shareholder, Count Giovanni Auletta Arnesene, had decided to sell his stake.

Count Auletta owns around 52 per cent of the ordinary shares in Bonifiche Sile, which in turn controls BNA. BNA, which is one of Italy's least profitable banks, has been the subject of intense

CREDIT Lyonnais, the leading French bank, has spent £500m (\$644m) on a 12.8 per cent stake in Banca Agricola Milanese (BAM), a small Italian regional bank based in Milan.

Credit Lyonnais is already strongly represented in northern Italy, where it owns the majority of Credito Bergamasco, a highly-profitable regional bank. The French institution is known to be keen to expand its Italian presence further.

However, it is unclear whether the latest move by Credit Lyonnais represents a first step in gaining control of BAM, or a delaying act of accountants. BAM is majority-owned by Banca Popolare di Milano, Italy's second biggest co-operative bank, which has shown no interest in relinquishing control.

speculation ever since Credit Italiano, the big public-sector bank, mounted an unsuccessful attempt to buy control in 1989, leaving it with 22 per cent of Bonifiche Sile and 8.2 per cent of BAM.

Since then, BNA has been in limbo. While bankers have doubted Count Auletta's ability to meet its growing financial needs from his own resources, he has consistently denied any plans to sell out, whether to Credit Italiano or others.

Last month Mr Giuseppe Gemari, a financier and former adviser to Count Auletta, announced he had decided to buy the count's shares for around £1.200bn (\$869m).

Mr Gemari already owned around 17 per cent of Bonifiche Sile. However, shortly after the announcement, Count Auletta denied any agreement to sell, prompting confusion in the market and Consob's decision to suspend the shares.

Philips offers to buy remainder of Super Club

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, has offered to buy out minority shareholders in Super Club, the troubled Belgian-based chain of video rental shops, in return for their support of a "drastic" financial restructuring of the loss-making company.

If the deal goes ahead, Philips said it would pay cash or issue new shares of its own to take over the 48 per cent stake in Super Club which it does not yet control.

Philips, which has repeatedly come to Super Club's res-

cuse since 1990, will soon call a special meeting of Super Club's bankers and bondholders to discuss the restructuring of a BFR2.5bn (\$73.5m) bond issue and other loans.

"It is essential that the banks as well as the bondholders agree that they should make financial sacrifices," Super Club said.

In return for these unspecified sacrifices, Philips would guarantee all the Belgian company's bonds and loans. Philips will also agree to buy out minority shareholders, based

on a valuation to be performed by an independent bank. Philips has already pumped some £1.400m (\$215m) into Super Club, representing one of the only investments it has made since running into difficulties of its own in 1980.

Minority shareholders intend to press Philips to value Super Club at around BFR2,000 a share, the price prevailing in March 1991, when Philips assumed majority control. Although Philips is expected to resist these demands, it is likely to pay well over £1.200m

to remaining shareholders.

The proposals, which mark a further deepening of Philips' involvement in the ailing Belgian venture, follow news that Super Club posted a loss of BFR4.3bn in the first nine months of its 1991 financial year, due mainly to high financing costs. In the previous financial year, which covered 14 months, Super Club made a loss of BFR14.7bn.

Super Club said its results would continue to come under pressure from the high cost of its indebtedness.

US acquisition lifts Gambro

By John Burton in Stockholm

GAMBRO, the Swedish medical equipment maker, has revealed a 46 per cent rise in 1991 pre-tax profit to SKr594m (\$68m). It increased its dividend by 25 per cent to SKr0.75.

The company said there had been good demand for its main products, which include kidney treatment and heart surgery equipment.

The improvement is also due to the acquisition of Cobe Laboratories, a US producer of dialysis machines and surgery equipment, in June 1990. Gambro's US operations, which for-

merly lost money, have become profitable as a result of the purchase.

Gambro last month strengthened its marketing position in the US by increasing its stake in Ran Corporation, which operates dialysis clinics, from 38 to 50 per cent.

Sales during the period increased 31 per cent to SKr5.6bn. Operating profit increased 39 per cent to SKr784m, but Gambro's interest costs rose 97 per cent to SKr283m as a result of the Cobe purchase.

NIM TOKYO BOND INDEX

| | 5/12/92 | 5/12/91 | 12/12/90 | 25/12/89 |
|----------------------|---------|---------|----------|----------|
| Overall | 172.92 | 5.36 | 171.05 | 167.17 |
| Government Bonds | 169.48 | 5.40 | 169.16 | 165.77 |
| Non-Government Bonds | 172.17 | 5.02 | 172.15 | 169.33 |
| Short-Term Bonds | 168.75 | 5.30 | 167.10 | 163.20 |
| Bank Deposits | 168.75 | 5.30 | 167.10 | 163.20 |
| Corporate Bonds | 172.17 | 5.02 | 172.15 | 169.33 |
| Yield (annual) | 5.67 | 5.67 | 5.67 | 5.67 |

Source: Nomura Research Institute

INCHCAPE (BERMUDA) LIMITED
(the "Issuer")

U.S. \$40,000,000

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Convertible Guaranteed Bonds 1995
(the "Bonds")

guaranteed by
INCHCAPE PLC
(the "Guarantor")

Adjustment to Conversion Price

NOTICE IS HEREBY GIVEN to holders of the Bonds (the "Bondholders") that the price at which the Bonds in the Issuer are convertible into ordinary shares in the Guarantor (the "Conversion Price") has been adjusted on and with effect from 10th December, 1991 in the manner provided in the Trust Deed dated 29th August, 1990 constituting the Bonds. This adjustment has been made following the issue by the Guarantor of units of non-interest bearing convertible loan stock by way of rights announced by the Guarantor on 10th December, 1991.

The adjusted Conversion Price is 100p

Conversion rights exercised by delivery of Bonds on or after 10th December, 1991 will take effect at the adjusted Conversion Price.

This notice is issued by the Issuer and the Guarantor and has been approved by Baring Brothers & Co., Limited for the purposes of section 57 of the Financial Services Act 1986. Baring Brothers & Co., Limited is a member of the Securities and Futures Authority and is the financial adviser to the Guarantor.

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INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Airlines face switch in source of finance

AIRLINES, faced with the drying-up of their traditional sources of financing, will be forced to find new sources of funding in order to cover the enormous cost of expanding and upgrading aircraft fleets.

Going, the world's largest manufacturer of commercial aircraft, last week predicted that airlines would have to turn to the international capital markets in order to raise the necessary funds, given that they will require \$80bn of new aircraft over the next 20 years.

This view is echoed by international bankers who believe there may be a shift away from bank loans and leases as airlines turn to the bond markets and more innovative forms of financing.

The problem for the airlines is that Japan, which during the 1980s was an important source of aircraft financing — both through loans and leases — is no longer such a willing supplier of funds.

The Japanese banks, which were once so keen to lend to airlines, are now reluctant to participate because of concern about the international capital adequacy requirements agreed by the Basel committee.

As one financing expert points out: "Japanese banks are only interested in lending to the good flight carriers, and are not at all interested in lending to the weaker names."

At the same time, as the Japanese banks are picking their borrowers more carefully, the supply of leveraged lease deals from Japan is drying up. With a finance lease, a group of investors buys the aircraft and then leases it out to the airline. Such deals were particularly

popular in Japan among rich individuals and small businesses because of tax advantages, and these were passed on to the airline in the form of reduced rentals.

Lease arrangements still continue, but not on the same scale as before, since the Japanese authorities have clamped down on the tax advantages while the fall in the Japanese stock market means that companies and investors have fewer gains to shelter.

There have been problems for some time getting equity from the Japanese and putting these Japanese leveraged leases together, says one Japanese banker.

With banks less willing to lend money, margins on loans have increased sharply. Two years ago, a leading European bank would have paid a margin of between 25 and 35 basis points over the London interbank offered rate (Libor) on a 10 to 15-year loan. Now, the margin is more likely to be in the region of 60 to 80 basis points, bankers say.

In view of the industry's future requirements, bankers point out that the loan market will be unable to meet the demand. "The way the market has been, the banks simply cannot provide all that liquidity," says one aircraft finance expert.

"The airlines will need very large sums of money so there will have to be alternative sources of finance such as public sector bond issues, with institutional investors buying 10 or 15-year secured notes backed by the aircraft."

Sara Webb

INTERNATIONAL BONDS

Refinancing fears arise over convertible paper

HUGE sums of equity-linked bonds launched in the international bond market in the late 1980s fall due for redemption this year and next.

Under normal circumstances the debt would simply be refinanced with new equity-linked bond issues. However, many of the issuers never expected to redeem the bonds, and the appetite of international investors for equity-linked paper is much less than when the bonds were issued.

For example, companies which issued convertible bonds in the late 1980s expected that debt would be converted into equity well before the redemption date. However, equity prices remained soft and conversion never took place.

Similarly, companies which issued warrant bond issues against a background of a booming equity market have found the warrants never exercised and the debt must now be refinanced on less attractive terms.

Equity-linked finance was a

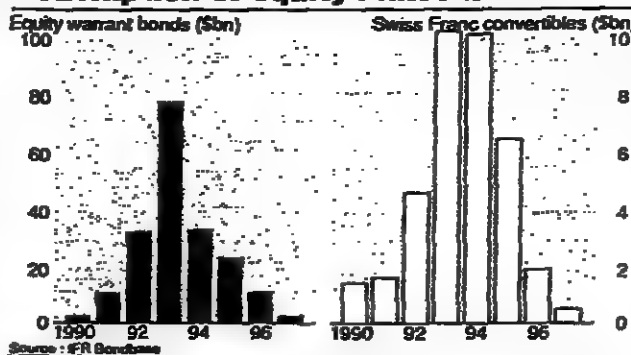
source of cheap funding for many companies. Many Swiss franc convertible bond issues launched in the late 1980s carry no interest payments. Investors were willing to buy the bonds as an investment linked to the equity market.

Japanese companies were the greatest exponents of equity-linked finance in the Eurobond market. In 1989 \$65bn of warrant bond issues were launched in the international market, the vast majority by Japanese companies.

Securities firms became rich on the proceeds. On standard Eurobond fees of 2% per cent, the volume of new issues in 1989 alone would have netted \$1.4bn of fee income. In addition, the majority of the issues traded up from issue price, adding to the earnings of underwriters.

Some \$32bn equivalent equity warrant bonds fall due for redemption this year alone, rising to \$78bn in 1993. Around \$4.6bn of Swiss franc convertible bond issues fall due this

Redemption of equity-linked bonds



year, rising to over \$10bn in both 1993 and 1994.

These figures give only a rough guide to the amount of refinancing required. Some of the bonds have been called after the warrants were exercised, and others were converted into equity before the Tokyo stock market collapsed in 1990. But Japanese equity prices have languished well

were never exercised. Refinancing these bonds poses a challenge to corporate financiers.

It is clear that the market will not absorb new issues of warrant bonds or convertibles on the scale required for full refinancing. Last year only \$26bn of new equity warrant bond issues were launched, an improvement on the \$19bn issues in 1990 but still well below the levels achieved at the peak of the market.

If the Tokyo stock market remains buoyant, the more popular companies may refinance maturing debt with more equity-linked finance. However, many will have to use other more costly instruments or simply swallow the fact that debt must be redeemed.

The Nikkei stock market index is now trading at around 21,000, similar to the levels seen in 1987 and well below the peak of 38,915 in early 1990.

This suggests that a large proportion of the outstanding bonds were never converted into equity and that warrants

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Eurobond clearing houses in agreement

By Tracy Corrigan

CEDEL and Euroclear, the two Eurobond clearing houses, have agreed to exchange clearing information in a move that ends two years of dispute.

The new "bridge" system, to come into force in October, will save about \$30m a year and increase efficiency. A long test period is needed because of the technical complexity of the change, which involves Cedel shifting to a system of overnight processing.

The agreement, signed in Paris on Friday, incorporates the concept of delivery versus payment, which Cedel had resisted until now.

In 1990, the two firms agreed to renegotiate their 1980 "bridge" agreement on the exchange of information, but until now have failed to resolve the problem.

Simon London

NEW INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Book runner | Offer yield % |
|--------------------------------|-----------|----------|----------------|----------|----------|----------------------------|---------------|
| US DOLLARS | | | | | | | |
| Ambac Securities | 100 | 1996 | 4 | 5 | 100 | Monetta Inc. | 5.000 |
| Sharia Corp. (off) | 100 | 1996 | 4 | 5 | 100 | Yamauchi Int. (Europe) | 5.000 |
| Nip. Telegraph & Telephone | 250 | 1997 | 5 | 6 1/4 | 101 1/2 | JP Morgan Secs. | 6.804 |
| Thailand Kingdom (off) | 300 | 2002 | 10 | 8 1/4 | 98.67 | Salomon Bros. | 8.471 |
| Chubu Electric Power | 350 | 1996 | 4 | 5 1/2 | 100 | UBS Phillips & Drew | 7.600 |
| African Devt Bank | 300 | 2002 | 10 | 7 1/2 | 98.74 | SSS | 7.914 |
| BM Bank Int'l | 300 | 1997 | 5 | 7 1/2 | 99 1/2 | JP Morgan Secs. | 7.687 |
| Philip Morris | 250 | 1997 | 5 | 7 1/2 | 101.8225 | CSFB | 7.108 |
| El Du Pont de Nemours | 250 | 2002 | 10 | 8 1/2 | 101 1/2 | CSFB | 7.733 |
| Republ. of Turkey (off) | 200 | 1997 | 5 | 8 1/2 | 100 | Bankers Trust Int. | 6.681 |
| Japan Radio Co. | 150 | 1996 | 4 | 3 | 100 | Nikko Europe | 5.000 |
| Taiwan Prof. Cons. (off) | 100 | 1996 | 4 | 3 | 100 | Yamauchi Int. | 5.000 |
| Bco. Rio de la Plata (off) | 100 | 1996 | 3 | 9 1/2 | 98.541 | Merrill Lynch | 9.932 |
| STERLING | | | | | | | |
| Republic of Finland | 250 | 1997 | 5 | 9 1/2 | 98.14 | SG Warburg Secs. | 9.977 |
| Cable & Wireless (off) | 150 | 2002 | 10 | 10 1/2 | 101.20 | Samuel Montagu | 10.178 |
| Commercial Union | 100 | 2002 | 10 | 10 1/2 | 100.896 | Kleinwort Benson | 10.610 |
| ECUs | | | | | | | |
| Nashimoto Industries (off) | 100 | 1996 | 4 | 4 1/2 | 100 | Mitsui Europe | 4.675 |
| British Gas Int'l (off) | 200 | 1994 | 2 | 4 1/2 | 101.075 | SEC | 6.394 |
| FRENCH FRANCS | | | | | | | |
| Credit Foncier de France (off) | 400 | 2002 | 10 | 4 | 100 | JP Morgan & Co | 4.600 |
| Gen. Elec. Corp. (off) | 300 | 1996 | 3 | 9 1/2 | 100.37 | CSFB | 8.390 |
| World Bank | 100 | 2000 | 8 | 9 1/2 | 98.736 | CCF | 8.681 |
| Hydro Quebec | 150 | 2002 | 10 | 9 | 100.845 | Societe Generale | 8.889 |
| ALGERIAN DOLLARS | | | | | | | |
| Victorian Pub. Fin. Auth. | 200 | 2002 | 10 | 28.00 | 21.80 | Hambros Bank | 10.618 |
| D-MARKS | | | | | | | |
| Deutsche Telekom (off) | 100 | 1996 | 4 | 4 1/2 | 100 | Monetta Bk GmbH | 4.575 |
| Sekel Plast (off) | 100 | 1996 | 4 | 4 1/2 | 100 | Yamauchi Bk GmbH | 4.575 |
| Footwork Int. Corp. (off) | 80 | 1996 | 4 | 4.575 | 100 | Deutscher Eur. (Deutschl.) | 4.575 |
| Shimizu Highpolymer | 50 | 1996 | 4 | 4 1/2 | 100 | Deutscher Eur. GmbH | 4.575 |
| Nishiki Chemical | 40 | 1997 | 5 | 100.30 | 100.30 | Deutsche Bank | 4.575 |
| Daiichi Corp. | 60 | 1999 | 9 | 4 1/2 | 100 | Deutscher Eur. GmbH | 4.575 |
| Daishinku Corp. | 100 | 1997 | 5 | 8 1/2 | 102 1/2 | Merrill Lynch Bk AG | 7.997 |
| SWISS FRANCS | | | | | | | |
| Monetta Bk (off) | 70 | 1996 | 4 | 4 1/2 | 100 | Deutscher Eur. GmbH | 4.375 |
| Tach-S Co. (off) | 65 | 1996 | 4 | 4 1/2 | 100 | WestLB | 4.375 |
| SWISS FRANCS | | | | | | | |
| Aoyama Trading (off) | 450 | 1996 | - | 3 | 100 | SBC | 3.023 |
| KYC Machine Ind. (off) | 50 | 1996 | - | 3 1/2 | 100 | SBC | 3.500 |
| KYC Machine Ind. (off) | 20 | 1996 | - | 3 1/2 | 100 | SBC | 3.746 |
| Five Foxes Co. (off) | 20 | 1999 | - | (n) | 101 1/2 | Mitsubishi Bk (Switz) | - |
| Bayerische Hypothek | 100 | 1999 | - | 6 1/4 | 102 1/2 | Swiss Volksbank | 8.342 |
| PERU | | | | | | | |
| European Inv. Bd (off) | 200 | 1997 | 5 | 10.20 | 101.45 | Bco. Bilbao Vizcaya | 9.819 |
| LIBRA | | | | | | | |
| ENEL (off) | 500 | 2002 | 10 | 10 1/2 | 101.50 | Bco. Comm. Italiana | 10.353 |
| Mediocredito (off) | 500 | 1999 | 7 | 11.70 | 100 | Banco di Roma | 11.687 |
| GUINEE | | | | | | | |
| Commerzbank AG (off) | 250 | 2002 | 10 | 8 1/2 | 100.45 | Rabobank | 8.432 |
| Bay'sche Hypothek | 200 | 1997 | 5 | 8 1/2 | 100.40 | Rabobank | 8.148 |
| YEN | | | | | | | |
| Mitsui Tosatsu Chemical | 150 | 1996 | 4 1/2 | 5.8 | 101.45 | Monetta Int. | 8.401 |
| Mitsui Tosatsu Chemical | 150 | 1997 | 5 1/2 | 5.88 | 101 1/2 | Yamauchi Int. | 8.401 |
| European Investment Bk (off) | 200 | 1996 | 3 | 5 | 99.55 | Deutscher Eur. | 5.167 |
| LUXEMBOURG FRANCS | | | | | | | |
| Worleypar Int'l (off) | 750 | 1987 | 5 | 9 | 102.20 | BGL | 8.445 |
| Barque UCL (off) | 100 | 1994 | 2 | 10 | 102.15 | Barque UCL | 8.791 |
| Sparkassen Bk (off) | 750 | 2002 | 10 | 9 | 102.15 | KBL | 8.070 |

Golden Hope Plantations Berhad
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Golden Hope Plantations Berhad ("the Company") will be held at the Theatre, Ground Floor, Bangunan MIDE, No. 195-A, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 25 March 1992 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions wherein the passing of Ordinary Resolutions 1, 2 and 3 shall be contingent one upon the other:

ORDINARY RESOLUTION 1

"That the Company do hereby approve and ratify the conditional Sale and Purchase Agreement and Debt Conversion Agreement dated 7 February 1991 between the Company and Kuning Tanjong Pau Company Berhad ("KTP") and contingent upon the approval in principle of The Kuala Lumpur Stock Exchange for the listing of and quotation for all the new stock units of KTP to be issued thereunder, approval be and is hereby given for:

A. The disposal by the Company of the entire issued and fully paid-up share capital of Golden Hope Realty Sdn Bhd (a wholly-owned subsidiary of the Company), consisting of 500,000 ordinary shares of \$1.00 each to KTP for a purchase consideration of \$19,326,400 to be satisfied by an issue of 5,856,484 new stock units of \$1.00 each in KTP at a price of \$3.30 per stock unit credited as fully paid-up; and

B. The absolute assignment by the Company to KTP of a portion of Golden Hope Realty Sdn Bhd's inter-company debt to the Company amounting to \$48,541,600 as at 31 March 1990 in consideration of an issue of 14,709,575 new stock units of \$1.00 each in KTP at an issue price of \$3.30 per stock unit credited as fully paid-up;

AND that the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary to give effect to the aforesaid with full powers to assent to any modifications and/or amendments thereof as may be required by The Kuala Lumpur Stock Exchange and/or other relevant authorities."

ORDINARY RESOLUTION 2

"That the Company do hereby approve and ratify the conditional Sale and Purchase Agreement dated 7 February 1991 between the Company and Permodalan Nasional Berhad ("PNB") and approve the acquisition from PNB of 12,943,020 new stock units of \$1.00 each in KTP at a price of \$3.30 per stock unit credited as fully paid-up being part of the stock units issued to PNB by KTP pursuant to the acquisition by KTP of 5,100,001 ordinary shares of \$1.00 each in Negara Properties Sdn Bhd representing 51% of the issued and paid-up capital of that company AND that the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary to give effect to the aforesaid with full powers to assent to any modifications and/or amendments thereof as may be required by The Kuala Lumpur Stock Exchange and/or other relevant authorities."

ORDINARY RESOLUTION 3

"That the Directors of the Company be and are hereby given the authority to make an offer for sale of 2,930,000 stock units of \$1.00 each in KTP at an offer price of \$3.30 per stock unit to the Malaysian public and the stockholders of KTP excluding PNB and companies in which the Company has any equity interest whether direct or indirect AND that the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as may be necessary to give effect to the aforesaid with full powers to assent to any modifications and/or amendments thereof as may be required by The Kuala Lumpur Stock Exchange and/or other relevant authorities."

By Order of the Board
Norin Abdul Samad
Secretary
Kuala Lumpur
9 March 1992

Notes:
1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies, but not exceeding two, to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the meeting in person to vote. If he is not a member, he must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case (Section 149(1)(b) of the Companies Act, 1965). The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of some officer of the corporation duly authorised in that behalf.
2. All forms of proxy should be deposited at the Company's registered office, 13th Floor, Menara PNB, No 201-A, Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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Notice is hereby given that the Rate of Interest for the Interest Period from 9th March, 1992 to 9th September, 1992 is 5.51% per annum. Interest payable on 9th September, 1992 will amount to £1,388,622 per £50,000,000 principal amount of the Receipts.

Agent Bank
The Long-Term Credit Bank of Japan, Limited
Tokyo

NOTICE TO HOLDERS OF
Bass America Inc. ("Bass")
to subscribe up to a total of 1,000,000 shares of Common Stock of KANEMATSU CORPORATION
(formerly KANEMATSU-GOSHO LTD.)
(the "Company")
Issued in connection with
US \$150,000,000
4 1/8% per cent, Bonds Due 1993

Holders of the Bonds, presented to the Registrar of the Issuance of the Bonds, shall be entitled to the Bonds and to the Shares of Common Stock of the Company in proportion to the amount of the Bonds held by them.

1. Subscriptions may be made by a holder of the Bonds by depositing the Bonds with the Registrar of the Issuance of the Bonds, and by paying the subscription price of the Shares of Common Stock of the Company.

2. Subscriptions may be made by a holder of the Bonds by depositing the Bonds with the Registrar of the Issuance of the Bonds, and by paying the subscription price of the Shares of Common Stock of the Company.

3. Subscriptions may be made by a holder of the Bonds by depositing the Bonds with the Registrar of the Issuance of the Bonds, and by paying the subscription price of the Shares of Common Stock of the Company.

By The Bank of Tokyo-Mitsubishi Bank, Limited
as Sole Agent
Dated: 9th March, 1992

REMY FINANCE S.A.
FRF 300,000,000
GUARANTEED FLOATING
RATE NOTES DUE 1993
For the period March 05, 1992
to June 05, 1992 the new rate
has been fixed at 10.125% p.a.

Next payment date:
June 05, 1992
Coupon nr: 22
Amount FRF 267,19 for the
denomination of FRF 300,000

**THE PRINCIPAL
PAYING AGENT,
SOCIÉTÉ GÉNÉRALE GROUP
15, AVENUE EMILE REUTER
LUXEMBOURG**

**Fuji International Finance
(Australia) Limited**
Tranche A US\$ 60,000,000
Floating (Fixed Rate Guaranteed)
Bonds 2001

Interest Rate : 4.575% p.a.
Interest Period : from 9th March
1992 to 8th June, 1992

Interest payable per US\$ 50,000
Notes: US\$ 616.15

By Fuji Bank (Luxembourg) S.A.

Bass

U.S. \$350,000,000

Bass America, Inc.

8 1/8% Guaranteed Notes due 2002

Guaranteed as to Payment of Principal and Interest by

Bass PLC

MORGAN STANLEY & CO.
Incorporated

GOLDMAN, SACHS & CO.

J.P. MORGAN SECURITIES INC.

March, 1992

WORLD STOCK MARKET

| AUSTRIA | | | FRANCE (continued) | | | GERMANY (continued) | | | NETHERLANDS | | | SWEDEN (continued) | | | |
|---------|-------|------------------|--------------------|-------|---------|---------------------|-------|---------|-------------|-----|---------|--------------------|-------|---------------|-------|
| 1992 | | Price | 1992 | | Price | 1992 | | Price | 1992 | | Price | 1992 | | Price | |
| High | Low | March 6 | High | Low | March 6 | High | Low | March 6 | High | Low | March 6 | High | Low | March 6 | |
| 1.990 | 2.250 | Austria Airlines | 2,720 | 2,540 | 400 | Bernardin | 2,640 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.970 | 2.000 | Autobus | 2,000 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 3.025 | 2.830 | EA General | 3,940 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.970 | 2.000 | EA General | 3,940 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,520 | 50.9 | 4.48 | DLW | 527.50 | 47.70 | 42.20 | 118 Amsterdam | 37.60 |
| 1.074 | 940 | Deutscher | 1,034 | 2,520 | 400 | Brussels | 2,5 | | | | | | | | |

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| CANADA | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|--|---------|
| TORONTO | | | | | | | | | |
| | Mar | Mar | Mar | Mar | 1998 | | | | |
| | B | B | 4 | 8 | HIGH | LOW | | | |
| Alcan & Minerals | 3070.89 | 3093.68 | 3109.93 | 3115.70 | 3238.87 | 3141.12 | 2935.22 | | 3211.00 |
| Comstock | 3550.84 | 3545.95 | 3587.64 | 3576.79 | 3666.00 | 3514.21 | 3493.66 | | 3621.00 |
| MONTREAL, PORTLAND | 1846.08 | 1865.97 | 1885.25 | 1877.89 | 1937.59 | 1814.11 | 1846.08 | | 1920.00 |
| Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices listed 1975 and Montreal Portland 1972. | | | | | | | | | |
| B2: Excludes bonds; industrial, plus UTILITIES, Financial and Transportation. (C) Closed, (U) Unavailable. | | | | | | | | | |

| TOKYO - Most Active Stocks | | | | | | | |
|----------------------------|------------------|-------------------|------------------|--------------|------------------|-------------------|------------------|
| Friday March 6 1992 | | | | | | | |
| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
| Daicel | 17.0m | 1,280 | +40 | NIKKI | 1.0m | 594 | - |
| Mitsui Bussan | 7.1m | 800 | -80 | Huachu | 3.2m | 777 | -88 |
| Toshiba | 6.8m | 740 | +5 | Yamato | 1.5m | 710 | +20 |
| Mitsubishi | 4.8m | 8,020 | +180 | Nippon Steel | 3.4m | 881 | - |
| Nissan | 4.5m | 520 | -40 | Daiichi | 2.8m | 1,300 | -70 |

POLAND

The FT proposes to publish this survey on
28th April 1992.
This survey will be included in the FT of that day and
will be printed in London, Frankfurt, Roubaix, New
Jersey and Tokyo. It will be distributed in 160
countries world-wide.
For further information about advertising in the
survey, please contact

Patricia Surridge in London-Tel.(071) 873 3426 fax 071 873 3079. or
Nina Kowalewska in Warsaw
Tel.(22) 48 97 87
Fax (22) 48 97 87

FT SURVEYS

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FT SURVEYS

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| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| ... | 154.78 | 162.93 | 171.08 | 179.23 | 187.38 | 195.53 | 203.68 | 211.83 | 219.98 | 228.13 | 236.28 | 244.43 | 252.58 | 260.73 | 268.88 | 277.03 | 285.18 | 293.33 | 301.48 | 309.63 | 317.78 | 325.93 | 334.08 | 342.23 | 350.38 | 358.53 | 366.68 | 374.83 | 382.98 | 391.13 | 399.28 | 407.43 | 415.58 | 423.73 | 431.88 | 440.03 | 448.18 | 456.33 | 464.48 | 472.63 | 480.78 | 488.93 | 497.08 | 505.23 | 513.38 | 521.53 | 529.68 | 537.83 | 545.98 | 554.13 | 562.28 | 570.43 | 578.58 | 586.73 | 594.88 | 603.03 | 611.18 | 619.33 | 627.48 | 635.63 | 643.78 | 651.93 | 660.08 | 668.23 | 676.38 | 684.53 | 692.68 | 700.83 | 708.98 | 717.13 | 725.28 | 733.43 | 741.58 | 749.73 | 757.88 | 766.03 | 774.18 | 782.33 | 790.48 | 798.63 | 806.78 | 814.93 | 823.08 | 831.23 | 839.38 | 847.53 | 855.68 | 863.83 | 871.98 | 880.13 | 888.28 | 896.43 | 904.58 | 912.73 | 920.88 | 929.03 | 937.18 | 945.33 | 953.48 | 961.63 | 969.78 | 977.93 | 986.08 | 994.23 | 1002.38 | 1010.53 | 1018.68 | 1026.83 | 1034.98 | 1043.13 | 1051.28 | 1059.43 | 1067.58 | 1075.73 | 1083.88 | 1092.03 | 1100.18 | 1108.33 | 1116.48 | 1124.63 | 1132.78 | 1140.93 | 1149.08 | 1157.23 | 1165.38 | 1173.53 | 1181.68 | 1189.83 | 1197.98 | 1206.13 | 1214.28 | 1222.43 | 1230.58 | 1238.73 | 1246.88 | 1255.03 | 1263.18 | 1271.33 | 1279.48 | 1287.63 | 1295.78 | 1303.93 | 1312.08 | 1320.23 | 1328.38 | 1336.53 | 1344.68 | 1352.83 | 1360.98 | 1369.13 | 1377.28 | 1385.43 | 1393.58 | 1401.73 | 1409.88 | 1418.03 | 1426.18 | 1434.33 | 1442.48 | 1450.63 | 1458.78 | 1466.93 | 1475.08 | 1483.23 | 1491.38 | 1499.53 | 1507.68 | 1515.83 | 1523.98 | 1532.13 | 1540.28 | 1548.43 | 1556.58 | 1564.73 | 1572.88 | 1581.03 | 1589.18 | 1597.33 | 1605.48 | 1613.63 | 1621.78 | 1629.93 | 1638.08 | 1646.23 | 1654.38 | 1662.53 | 1670.68 | 1678.83 | 1686.98 | 1695.13 | 1703.28 | 1711.43 | 1719.58 | 1727.73 | 1735.88 | 1744.03 | 1752.18 | 1760.33 | 1768.48 | 1776.63 | 1784.78 | 1792.93 | 1801.08 | 1809.23 | 1817.38 | 1825.53 | 1833.68 | 1841.83 | 1849.98 | 1858.13 | 1866.28 | 1874.43 | 1882.58 | 1890.73 | 1898.88 | 1907.03 | 1915.18 | 1923.33 | 1931.48 | 1939.63 | 1947.78 | 1955.93 | 1964.08 | 1972.23 | 1980.38 | 1988.53 | 1996.68 | 2004.83 | 2012.98 | 2021.13 | 2029.28 | 2037.43 | 2045.58 | 2053.73 | 2061.88 | 2070.03 | 2078.18 | 2086.33 | 2094.48 | 2102.63 | 2110.78 | 2118.93 | 2127.08 | 2135.23 | 2143.38 | 2151.53 | 2159.68 | 2167.83 | 2175.98 | 2184.13 | 2192.28 | 2200.43 | 2208.58 | 2216.73 | 2224.88 | 2233.03 | 2241.18 | 2249.33 | 2257.48 | 2265.63 | 2273.78 | 2281.93 | 2290.08 | 2298.23 | 2306.38 | 2314.53 | 2322.68 | 2330.83 | 2338.98 | 2347.13 | 2355.28 | 2363.43 | 2371.58 | 2379.73 | 2387.88 | 2396.03 | 2404.18 | 2412.33 | 2420.48 | 2428.63 | 2436.78 | 2444.93 | 2453.08 | 2461.23 | 2469.38 | 2477.53 | 2485.68 | 2493.83 | 2501.98 | 2510.13 | 2518.28 | 2526.43 | 2534.58 | 2542.73 | 2550.88 | 2559.03 | 2567.18 | 2575.33 | 2583.48 | 2591.63 | 2600.00 |
|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

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| | | | |
|----------|---------|----------|--------|
| COFL 100 | 125,000 | 25,000 | 11,330 |
| COFL 101 | 125,000 | 25,000 | 11,330 |
| COFL 102 | 125,000 | 25,000 | 11,330 |
| COFL 103 | 125,000 | 25,000 | 11,330 |
| COFL 104 | 125,000 | 25,000 | 11,330 |
| COFL 105 | 125,000 | 25,000 | 11,330 |
| COFL 106 | 125,000 | 25,000 | 11,330 |
| COFL 107 | 125,000 | 25,000 | 11,330 |
| COFL 108 | 125,000 | 25,000 | 11,330 |
| COFL 109 | 125,000 | 25,000 | 11,330 |
| COFL 110 | 125,000 | 25,000 | 11,330 |
| COFL 111 | 125,000 | 25,000 | 11,330 |
| COFL 112 | 125,000 | 25,000 | 11,330 |
| COFL 113 | 125,000 | 25,000 | 11,330 |
| COFL 114 | 125,000 | 25,000 | 11,330 |
| COFL 115 | 125,000 | 25,000 | 11,330 |
| COFL 116 | 125,000 | 25,000 | 11,330 |
| COFL 117 | 125,000 | 25,000 | 11,330 |
| COFL 118 | 125,000 | 25,000 | 11,330 |
| COFL 119 | 125,000 | 25,000 | 11,330 |
| COFL 120 | 125,000 | 25,000 | 11,330 |
| COFL 121 | 125,000 | 25,000 | 11,330 |
| COFL 122 | 125,000 | 25,000 | 11,330 |
| COFL 123 | 125,000 | 25,000 | 11,330 |
| COFL 124 | 125,000 | 25,000 | 11,330 |
| COFL 125 | 125,000 | 25,000 | 11,330 |
| COFL 126 | 125,000 | 25,000 | 11,330 |
| COFL 127 | 125,000 | 25,000 | 11,330 |
| COFL 128 | 125,000 | 25,000 | 11,330 |
| COFL 129 | 125,000 | 25,000 | 11,330 |
| COFL 130 | 125,000 | 25,000 | 11,330 |
| COFL 131 | 125,000 | 25,000 | 11,330 |
| COFL 132 | 125,000 | 25,000 | 11,330 |
| COFL 133 | 125,000 | 25,000 | 11,330 |
| COFL 134 | 125,000 | 25,000 | 11,330 |
| COFL 135 | 125,000 | 25,000 | 11,330 |
| COFL 136 | 125,000 | 25,000 | 11,330 |
| COFL 137 | 125,000 | 25,000 | 11,330 |
| COFL 138 | 125,000 | 25,000 | 11,330 |
| COFL 139 | 125,000 | 25,000 | 11,330 |
| COFL 140 | 125,000 | 25,000 | 11,330 |
| COFL 141 | 125,000 | 25,000 | 11,330 |
| COFL 142 | 125,000 | 25,000 | 11,330 |
| COFL 143 | 125,000 | 25,000 | 11,330 |
| COFL 144 | 125,000 | 25,000 | 11,330 |
| COFL 145 | 125,000 | 25,000 | 11,330 |
| COFL 146 | 125,000 | 25,000 | 11,330 |
| COFL 147 | 125,000 | 25,000 | 11,330 |
| COFL 148 | 125,000 | 25,000 | 11,330 |
| COFL 149 | 125,000 | 25,000 | 11,330 |
| COFL 150 | 125,000 | 25,000 | 11,330 |
| COFL 151 | 125,000 | 25,000 | 11,330 |
| COFL 152 | 125,000 | 25,000 | 11,330 |
| COFL 153 | 125,000 | 25,000 | 11,330 |
| COFL 154 | 125,000 | 25,000 | 11,330 |
| COFL 155 | 125,000 | 25,000 | 11,330 |
| COFL 156 | 125,000 | 25,000 | 11,330 |
| COFL 157 | 125,000 | 25,000 | 11,330 |
| COFL 158 | 125,000 | 25,000 | 11,330 |
| COFL 159 | 125,000 | 25,000 | 11,330 |
| COFL 160 | 125,000 | 25,000 | 11,330 |
| COFL 161 | 125,000 | 25,000 | 11,330 |
| COFL 162 | 125,000 | 25,000 | 11,330 |
| COFL 163 | 125,000 | 25,000 | 11,330 |
| COFL 164 | 125,000 | 25,000 | 11,330 |
| COFL 165 | 125,000 | 25,000 | 11,330 |
| COFL 166 | 125,000 | 25,000 | 11,330 |
| COFL 167 | 125,000 | 25,000 | 11,330 |
| COFL 168 | 125,000 | 25,000 | 11,330 |
| COFL 169 | 125,000 | 25,000 | 11,330 |
| COFL 170 | 125,000 | 25,000 | 11,330 |
| COFL 171 | 125,000 | 25,000 | 11,330 |
| COFL 172 | 125,000 | 25,000 | 11,330 |
| COFL 173 | 125,000 | 25,000 | 11,330 |
| COFL 174 | 125,000 | 25,000 | 11,330 |
| COFL 175 | 125,000 | 25,000 | 11,330 |
| COFL 176 | 125,000 | 25,000 | 11,330 |
| COFL 177 | 125,000 | 25,000 | 11,330 |
| COFL 178 | 125,000 | 25,000 | 11,330 |
| COFL 179 | 125,000 | 25,000 | 11,330 |
| COFL 180 | 125,000 | 25,000 | 11,330 |
| COFL 181 | 125,000 | 25,000 | 11,330 |
| COFL 182 | 125,000 | 25,000 | 11,330 |
| COFL 183 | 125,000 | 25,000 | 11,330 |
| COFL 184 | 125,000 | 25,000 | 11,330 |
| COFL 185 | 125,000 | 25,000 | 11,330 |
| COFL 186 | 125,000 | 25,000 | 11,330 |
| COFL 187 | 125,000 | 25,000 | 11,330 |
| COFL 188 | 125,000 | 25,000 | 11,330 |
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| COFL 198 | 125,000 | 25,000 | 11,330 |
| COFL 199 | 125,000 | 25,000 | 11,330 |
| COFL 200 | 125,000 | 25,000 | 11,330 |
| COFL 201 | 125,000 | 25,000 | 11,330 |
| COFL 202 | 125,000 | 25,000 | 11,330 |
| COFL 203 | 125,000 | 25,000 | 11,330 |
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| COFL 207 | 125,000 | 25,000 | 11,330 |
| COFL 208 | 125,000 | 25,000 | 11,330 |
| COFL 209 | 125,000 | 25,000 | 11,330 |
| COFL 210 | 125,000 | 25,000 | 11,330 |
| COFL 211 | 125,000 | 25,000 | 11,330 |
| COFL 212 | 125,000 | 25,000 | 11,330 |
| COFL 213 | 125,000 | 25,000 | 11,330 |
| COFL 214 | 125,000 | 25,000 | 11,330 |
| COFL 215 | 125,000 | 25,000 | 11,330 |
| COFL 216 | 125,000 | 25,000 | 11,330 |
| COFL 217 | 125,000 | 25,000 | 11,330 |
| COFL 218 | 125,000 | 25,000 | 11,330 |
| COFL 219 | 125,000 | 25,000 | 11,330 |
| COFL 220 | 125,000 | 25,000 | 11,330 |
| COFL 221 | 125,000 | 25,000 | 11,330 |
| COFL 222 | 125,000 | 25,000 | 11,330 |
| COFL 223 | 125,000 | 25,000 | 11,330 |
| COFL 224 | 125,000 | 25,000 | 11,330 |
| COFL 225 | 125,000 | 25,000 | 11,330 |
| COFL 226 | 125,000 | 25,000 | 11,330 |
| COFL 227 | 125,000 | 25,000 | 11,330 |
| COFL 228 | 125,000 | 25,000 | 11,330 |
| COFL 229 | 125,000 | 25,000 | 11,330 |
| COFL 230 | 125,000 | 25,000 | 11,330 |
| COFL 231 | 125,000 | 25,000 | 11,330 |
| COFL 232 | 125,000 | 25,000 | 11,330 |
| COFL 233 | 125,000 | 25,000 | 11,330 |
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| COFL 236 | 125,000 | 25,000 | 11,330 |
| COFL 237 | 125,000 | 25,000 | 11,330 |
| COFL 238 | 125,000 | 25,000 | 11,330 |
| COFL 239 | 125,000 | 25,000 | 11,330 |
| COFL 240 | 125,000 | 25,000 | 11,330 |
| COFL 241 | 125,000 | 25,000 | 11,330 |
| COFL 242 | 125,000 | 25,000 | 11,330 |
| COFL 243 | 125,000 | 25,000 | 11,330 |
| COFL 244 | 125,000 | 25,000 | 11,330 |
| COFL 245 | 125,000 | 25,000 | 11,330 |
| COFL 246 | 125,000 | 25,000 | 11,330 |
| COFL 247 | 125,000 | 25,000 | 11,330 |
| COFL 248 | 125,000 | 25,000 | 11,330 |
| COFL 249 | 125,000 | 25,000 | 11,330 |
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| COFL 251 | 125,000 | 25,000 | 11,330 |
| COFL 252 | 125,000 | 25,000 | 11,330 |
| COFL 253 | 125,000 | 25,000 | 11,330 |
| COFL 254 | 125,000 | 25,000 | 11,330 |
| COFL 255 | 125,000 | 25,000 | 11,330 |
| COFL 256 | 125,000 | 25,000 | 11,330 |
| COFL 257 | 125,000 | 25,000 | 11,330 |
| COFL 258 | 125,000 | 25,000 | 11,330 |
| COFL 259 | 125,000 | 25,000 | 11,330 |
| COFL 260 | 125,000 | 25,000 | 11,330 |
| COFL 261 | 125,000 | 25,000 | 11,330 |
| COFL 262 | 125,000 | 25,000 | 11,330 |
| COFL 263 | 125,000 | 25,000 | 11,330 |
| COFL 264 | 125,000 | 25,000 | 11,330 |
| COFL 265 | 125,000 | 25,000 | 11,330 |
| COFL 266 | 125,000 | 25,000 | 11,330 |
| COFL 267 | 125,000 | 25,000 | 11,330 |
| COFL 268 | 125,000 | 25,000 | 11,330 |
| COFL 269 | 125,000 | 25,000 | 11,330 |
| COFL 270 | 125,000 | 25,000 | 11,330 |
| COFL 271 | 125,000 | 25,000 | 11,330 |
| COFL 272 | 125,000 | 25,000 | 11,330 |
| COFL 273 | 125,000 | 25,000 | 11,330 |
| COFL 274 | 125,000 | 25,000 | 11,330 |
| COFL 275 | 125,000 | 25,000 | 11,330 |
| COFL 276 | 125,000 | 25,000 | 11,330 |
| COFL 277 | 125,000 | 25,000 | 11,330 |
| COFL 278 | 125,000 | 25,000 | 11,330 |
| COFL 279 | 125,000 | 25,000 | 11,330 |
| COFL 280 | 125,000 | 25,000 | 11,330 |
| COFL 281 | 125,000 | 25,000 | 11,330 |
| COFL 282 | 125,000 | 25,000 | 11,330 |
| COFL 283 | 125,000 | 25,000 | 11,330 |
| COFL 284 | 125,000 | 25,000 | 11,330 |
| COFL 285 | 125,000 | 25,000 | 11,330 |
| COFL 286 | 125,000 | 25,000 | 11,330 |
| COFL 287 | 125,000 | 25,000 | 11,330 |
| COFL 288 | 125,000 | 25,000 | 11,330 |
| COFL 289 | 125,000 | 25,000 | 11,330 |
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| COFL 293 | 125,000 | 25,000 | 11,330 |
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| COFL 295 | 125,000 | 25,000 | 11,330 |
| COFL 296 | 125,000 | 25,000 | 11,330 |
| COFL 297 | 125,000 | 25,000 | 11,330 |
| COFL 298 | 125,000 | 25,000 | 11,330 |
| COFL 299 | 125,000 | 25,000 | 11,330 |
| COFL 300 | 125,000 | 25,000 | 11,330 |
| COFL 301 | 125,000 | 25,000 | 11,330 |
| COFL 302 | 125,000 | 25,000 | 11,330 |
| COFL 303 | 125,000 | 25,000 | 11,330 |
| COFL 304 | 125,000 | 25,000 | 11,330 |
| COFL 305 | 125,000 | 25,000 | 11,330 |
| COFL 306 | 125,000 | 25,000 | 11,330 |
| COFL 307 | 125,000 | 25,000 | 11,330 |
| COFL 308 | 125,000 | 25,000 | 11,330 |
| COFL 309 | 125,000 | 25,000 | 11,330 |
| COFL 310 | 125,000 | 25,000 | 11,330 |
| COFL 311 | 125,000 | 25,000 | 11,330 |
| COFL 312 | 125,000 | 25,000 | 11,330 |
| COFL 313 | 125,000 | 25,000 | 11,330 |
| COFL 314 | 125,000 | 25,000 | 11,330 |
| COFL 315 | 125,000 | 25,000 | 11,330 |
| COFL 316 | 125,000 | 25,000 | 11,330 |
| COFL 317 | 125,000 | 25,000 | 11,330 |
| COFL 318 | 125,000 | 25,000 | 11,330 |
| COFL 319 | 125,000 | 25,000 | 11,330 |
| COFL 320 | 125,000 | 25,000 | 11,330 |
| COFL 321 | 125,000 | 25,000 | 11,330 |
| COFL 322 | 125,000 | 25,000 | 11,330 |
| COFL 323 | 125,000 | 25,000 | 11,330 |
| COFL 324 | 125,000 | 25,000 | 11,330 |
| COFL 325 | 125,000 | 25,000 | 11,330 |
| COFL 326 | 125,000 | 25,000 | 11,330 |
| COFL 327 | 125,000 | 25,000 | 11,330 |
| COFL 328 | 125,000 | 25,000 | 11,330 |
| COFL 329 | 125,000 | 25,000 | 11,330 |
| COFL 330 | 125,000 | 25,000 | 11,330 |
| COFL 331 | 125,000 | 25,000 | 11,330 |
| COFL 332 | 125,000 | 25,000 | 11,330 |
| COFL 333 | 125,000 | 25,000 | 11,330 |
| COFL 334 | 125,000 | 25,000 | 11,330 |
| COFL 335 | 125,000 | 25,000 | 11,330 |
| COFL 336 | 125,000 | 25,000 | 11,330 |
| COFL 337 | 125,000 | 25,000 | 11,330 |
| COFL 338 | 125,000 | 25,000 | 11,330 |
| COFL 339 | 125,000 | 25,000 | 11,330 |
| COFL 340 | 125,000 | 25,000 | 11,330 |
| COFL 341 | 125,000 | 25,000 | 11,330 |
| COFL 342 | 125,000 | 25,000 | 11,330 |
| COFL 343 | 125,000 | 25,000 | 11,330 |
| COFL 344 | 125,000 | 25,000 | 11,330 |
| COFL 345 | 125,000 | 25,000 | 11,330 |
| COFL 346 | 125,000 | 25,000 | 11,330 |
| COFL 347 | 125,000 | 25,000 | 11,330 |
| COFL 348 | 125,000 | 25,000 | 11,330 |
| COFL 349 | 125,000 | 25,000 | 11,330 |
| COFL 350 | 125,000 | 25,000 | 11,330 |
| COFL 351 | 125,000 | 25,000 | 11,330 |
| COFL 352 | 125,000 | 25,000</ | |

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CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS AND FOREIGN EXCHANGES

Awaiting the Budget

THE dollar is expected to continue strong this week, but Tuesday's UK Budget will focus attention on an uneasy trend in sterling, writes Neil Buckley.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

The dollar should open strongly, buoyed by the 164,000 rise in US non-farm payrolls announced on Friday, while satisfactory news on retail sales figures next Tuesday and on producer prices index on the following day could take it higher.

It faces a technical barrier at DM1.6825, but if this is crossed, it could head for DM1.70. Some economists, however, see a possible change of tack by the market.

"People have wanted to buy dollars on strong US numbers. But if anything, the numbers we are seeing out of Germany are just as strong," said Mr. Nick Parsons, treasury adviser at CIBC.

German factory orders have

risen along with production, and unemployment has fallen. Mr. Parsons predicts that the DM-mark could receive a boost if this week's statistics on machinery orders, trade figures and wholesale prices are well received.

In the UK, the market will be hoping that Mr. Norman Lamont, the chancellor, will announce a Budget. Most estimates are for a tax-cut giveaway of £2bn-£4bn.

A base rate cut, however, looks unlikely following the weakness of sterling last week. If the Budget fails to please the markets and the electorate, then sterling could again come under pressure.

Dealers say sterling is vulnerable to the downside with technical support likely at DM2.8550, but a long drop to the next likely intervention level at DM2.8200. If the Budget is followed by the announcement of a general election, they warn of a period of great volatility, with sterling ready to tumble at any indication of weakening Conservative support.

POUND SPOT - FORWARD AGAINST THE POUND

| Mar 6 | Day's Spot | One | Three | Six | Twelve | 18 | 24 | 36 | 48 | 60 | 90 | 120 | 180 | 240 | 360 |
|-------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| US | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 |
| Canada | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 |
| France | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 |
| Germany | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 |
| Italy | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 |
| Japan | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 |
| Spain | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 |
| Sweden | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 |
| Switzerland | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| UK | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Mar 6 | Day's Spot | One | Three | Six | Twelve | 18 | 24 | 36 | 48 | 60 | 90 | 120 | 180 | 240 | 360 |
|-------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| US | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Canada | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 |
| France | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 |
| Germany | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 |
| Italy | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 |
| Japan | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 |
| Spain | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 |
| Sweden | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 |
| Switzerland | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| UK | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

FX CROSS RATES

| Mar 6 | Day's Spot | One | Three | Six | Twelve | 18 | 24 | 36 | 48 | 60 | 90 | 120 | 180 | 240 | 360 |
|-------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| US | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 |
| Canada | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 |
| France | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 |
| Germany | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 |
| Italy | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 |
| Japan | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 |
| Spain | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 |
| Sweden | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 |
| Switzerland | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| UK | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

EURO CURRENCY INTEREST RATES

| Mar 6 | Day's Spot | One | Three | Six | Twelve | 18 | 24 | 36 | 48 | 60 | 90 | 120 | 180 | 240 | 360 |
|-------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| US | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 |
| Canada | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 |
| France | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 |
| Germany | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 |
| Italy | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 |
| Japan | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 |
| Spain | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 |
| Sweden | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 |
| Switzerland | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| UK | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

FT LONDON INTERBANK FIXING

| Mar 6 | Day's Spot | One | Three | Six | Twelve | 18 | 24 | 36 | 48 | 60 | 90 | 120 | 180 | 240 | 360 |
|-------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| US | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 | 1.7100 |
| Canada | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 | 0.7000 |
| France | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 | 16.2000 |
| Germany | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 | 1.6800 |
| Italy | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 | 1.3600 |
| Japan | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 | 160.0000 |
| Spain | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 | 166.0000 |
| Sweden | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 | 13.4600 |
| Switzerland | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 | 1.5000 |
| UK | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

MONEY RATES

| | | | | | |
|--|-------|-------------|-------|------------|------|
| 1971 | | One month | 3.83 | Three year | 6.85 |
| | | Two month | 3.76 | Five year | 6.85 |
| One year | 6 1/2 | Three month | 3.75 | Six year | 7.15 |
| Other loan rate | | Six month | 3.75 | Seven year | 7.15 |
| 1/2 year | 3 1/2 | One year | 4.99 | 10 year | 7.47 |
| 1/4 year | | Two year | 3 1/2 | 15 year | 7.92 |
| 1/8 year | | | | 20 year | 7.92 |
| 1/16 year | | | | | |
| 1/32 year | | | | | |
| 1/64 year | | | | | |
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FINANCIAL TIMES MONDAY MARCH 9 1992

دکتر احمد باقر

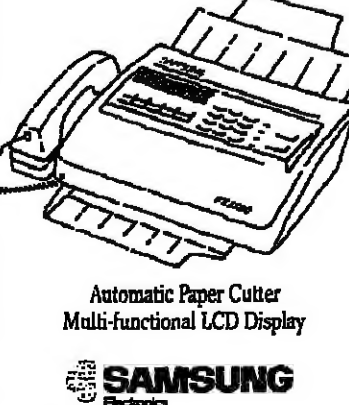
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4:00 pm prices March 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
|----------------|-------|-------|-------|-------|--------|------|------|-----|------|-------|--------|------|------|-----|------|-------|--------|------|------|-----|------|-------|--------|
| High Low Stock | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 15% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 20% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 25% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 30% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 35% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 40% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 45% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 50% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 55% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 60% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 65% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 70% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 75% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 80% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 85% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 90% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 95% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |
| 100% AAR Corp | 58.75 | 57.12 | 57.12 | 57.12 | 0.00 | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change | 1992 | High | Low | Open | Close | Change |

Samsung Personal Fax:
SF 2200



Automatic Paper Cutter
Multi-functional LCD Display

SAMSUNG
Technology that works for life.

Continued on next page

MONDAY PROFILE

Musketeer
who prefers
obscurityPhilip Stephens on
Mr Richard Ryder, the
government chief whip

If he appears on your television screen during the general election, it will be no more than a fleeting glimpse. He will be at the heart of Prime Minister John Major's campaign, but outside his constituency you will neither see nor hear him pressing the case for a fourth Tory term.

Mr Richard Ryder is one of the most powerful figures in the Conservative party. Quite consciously he is, and intends to remain, among the least well known.

Mr Ryder is government chief whip. His role, simply, is that of party manager. He is the man charged with doing the prime minister's bidding at Westminster; the agent who ensures that the Tory troops are kept loyal in line; and the impresario for the government's "floor show" in the chamber of the House of Commons. He is all of that, and then some.

In his 15 months in the job - he was one of the Treasury mafia rewarded for his role in Mr Major's leadership bid - he has emerged as campaign strategist, prime ministerial confidant, and cabinet fixer-in-chief. If the Conservatives win, he could claim a prize Whitehall department. Mr Ryder wants, instead, to stay on as chief whip.

His politics and personality are a puzzle. For all his influence, there is only handout at Westminster that knows the man well or feels sure of his political outlook.

The son of a country squire, a friend says he fits the Boy's Own image of an English gentleman - "diffident and proper, but shrewd and tough when it matters". He is courteous but unforgiving of disloyalty; self-deprecating but always determined to win.

The chief whip is both liked and feared by his charges on the backbenches, and respected by the team of a dozen junior whips. But ask him to pin a political label on Mr Ryder and the response is a vague circumlocution ending in the phrase: "Well, you know I'm not quite sure."

Mr Ryder chose long ago not to wear his brand of Conservatism on his sleeve. Unusually in an age of pushy politicians, the adjectives most frequently applied to him are circumspect, discreet, tactful and taciturn.

It is a mistake, however, to think that he does not have views. At barely 43, he has been in politics for nearly two decades, working for six years in Mrs Margaret Thatcher's office before beginning a steady, if initially unspectacular, rise through the ministerial ranks after entering parliament in 1983.

A friend recalls Mr Ryder's bubbling enthusiasm before the 1979 general election, when he promised that, at last, Mrs Thatcher would lead a government that "changes things". A guest at a recent lunch said he was as interesting as any on the future of a different brand of Conservatism in the 1990s.

His outlook is unconventional. He has fused an upbringing in insular, rural Suffolk with a deep enthusiasm for the distinctly less feudal culture of North America. The result is a political perspective not slotted easily into traditional Tory pigeonholes.

As the MP for Mid-Norfolk he has preserved his ties with East Anglia. Yet he is anti-establishment, disparaging the class-conscious England that others might argue has survived longer in that part of the country than elsewhere.

A Cambridge historian, he does not blame socialism for Britain's long-term economic decline. Instead he traces it to the cultural snobbery which 19th-century entrepreneurs forsook industry for the quiet gentility of the country.

He combines his enthusiasm for the enterprise culture on the other side of the Atlantic with more conventionally English attitudes to social welfare. He dislikes intensely the residual racism in sections of the Conservative party. He has a habit of reminding those who assume the superiority of European over American culture, of the millions who were slaughtered in Hitler's Germany.

A pragmatist rather than ideologue, his present role suits him. It is that of the backroom mechanic and tactician, the mediator and, from time to time, the dictator.

The chief whip is at the political centre, brokering cabinet deals before selling them to the party at Westminster. But the slight figure with an almost schoolboyish appearance is never called from his privileged seat on the government front bench to speak at the Commons Despatch Box.

As chief whip he can cite tradition when he politely declines requests for newspaper interviews. His style is that of his political master. He is ready to listen carefully to the concerns of jittery MPs. But once his mind is made up, he demands absolute loyalty. As one colleague puts it: "He has a light touch, most of the time." A senior colleague is less tactful:

"He is the toughest of us all." When Mr Ryder took over the whips' office in November 1990, the party's MPs were in disarray.

They had just ousted their leader. They were bitterly divided over Europe and were more than half-convinced that they were about to lose the general election. They had chosen as prime minister a man from the back streets of Brixton in south London, with a fraction more than three years' experience in the cabinet.

Mr Ryder was even less well known. A former junior whip, government backbenches are scarcely recognisable. They are still prone to the occasional bout of jitters. Resentments burn among the old guard over the way in which their former leader was dumped. But the blind panic that engulfed Mrs Thatcher has been replaced by carefully organised calm.

The poll tax, the flagship of the third term, was sunk with barely a ripple. The scores of MPs whose antipathy towards Europe once threatened to tear the party apart were reduced by the time of December's Maastricht summit to an isolated handful of diehards. Mr Major's consensual style was vital, but Mr Ryder still gets much credit for transforming a rabble into something akin to the old Tory party.

It took time and energy. In spite of bouts of ill health he works ferociously hard. From a spacious but spartan room adjoining the members' lobby of the Commons and from the rather more grand surroundings of Number 12 Downing Street he typically works 15 hours or more a day. His private passions - modern painting, jazz and Ipswich football club - have been put temporarily on one side.

Like most of life's natural "fixers" Mr Ryder puts a premium on organisation and on personal contact. His formal lines of communication are supplemented by a personal network of friends and agents. At weekends, he spends much of his time on the telephone.

He is the founder of the now famous "four musketeers", the small Downing Street group which has spent most of the past year planning Mr Major's election campaign.

It was Mr Ryder who first detected the dangerous drift into which the government slipped early last summer. He suggested regular meetings to integrate the party's control of the Whitehall machine with the political imperative of winning the election. Ministers, he



Robin Allison Smith

He is courteous but unforgiving of disloyalty

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The economics of a
Democratic victoryMICHAEL PROWSE
on America

It would be a mistake to exaggerate the economic merits of Governor Bill Clinton and former Senator Paul Tsongas, the front-runners for the Democratic presidential nomination. But if either ended up in the White House, the US economic outlook could brighten noticeably.

After a decade of divided government, control of Congress and the White House by the same party would offer great advantages. In recent years, crippling federal deficits have partly reflected deep disagreements over the appropriate level of taxes and spending.

Given full accountability, either party would probably have made a better list of fiscal policy. Unified government would also allow the development of a coherent longer-term strategy for economic growth, something which political divisions, as much as political ideology, have made impossible.

The merits of the leading Democrats are best compared by examining their stance on three key issues neglected by the Republicans:

● The need to increase the US national savings rate by converting budget deficits into surpluses and eliminating fiscal incentives for consumption and borrowing.

● The need to address rapid increases in income and wealth inequalities that are threatening social harmony.

● The need to improve industrial performance, for example by lengthening the time horizons of managers and improving training and education.

On the deficit, Mr Tsongas offers the greatest hope of progress. Courageously rejecting conventional wisdom in Washington, he has built his campaign around opposition to income tax cuts. On the stump, his case for fiscal responsibility is reduced to a few short phrases: "I'm not Santa Claus. We're adults. Just tell us the truth. We can handle it."

In his 86-page pamphlet, *A Call to Economic Arms*, he calls for a steady increase in petrol taxes towards international levels and discusses the merits of real cuts in entitlement programmes such as health care and pensions. Given such candour, it is surprising he is still

told friends, needed to be reminded that they were politicians as well as policymakers. Since then he has been joined by Mr Chris Patten, the party chairman, Mr John Wakeham, the minister charged with government presentation, and Mr John MacGregor, the leader of the House of Commons, for daily breakfast meetings at Number 12.

More recently, he has synchronised the Conservative onslaught against Labour with the government's control of the parliamentary timetable. It has been no accident that the party's daily press conferences attacking opposition policies have coincided with Westminster debates on the same themes.

As a friend puts it: "He is more determined than any of us that we are going to win." So during the election campaign proper he will spend most of his time at Conservative Central Office: fixing, calming nerves, knocking heads together - and keeping out of camera shot.

Both Mr Clinton and Mr Tsongas have something to offer on the third issue - improving industrial performance. Mr Clinton has focused mainly on improving worker skills through better education and training. He deserves great credit for stressing the importance of a national apprenticeship programme for non-college bound youths - a group central to economic perfor-

in the race.

Mr Clinton is less convincing on the deficit, although he does promise to restrain government spending to no more than the rate of economic growth. But he comes into his own on the "fairness issue", arguing for a 10 per cent tax cut for middle-income Americans to be paid for by higher taxes on families earning more than \$200,000 a year.

If you instinctively bristle at plans for more redistribution, consider what has happened in America. As the New York Times reported last week, pre-tax incomes of the top 1 per cent rose 77 per cent in real terms between 1977 and 1989. The top fifth saw incomes rise 28 per cent. Everybody else did badly: the second, third, fourth and bottom fifths saw real income gains of 9 per cent, 4 per cent, minus 1 per cent and minus 9 per cent respectively.

After allowing for taxes, the top 1 per cent has pocketed an amazing 60 per cent of the total increase in income over the period. The top 5 per cent gained 74 per cent of the increase; the bottom 50 per cent a mere 6 per cent. You do not have to be a socialist to believe that some rethinking of the tax burden is overdue.

Both Mr Clinton and Mr Tsongas have something to offer on the third issue - improving industrial performance. Mr Clinton has focused mainly on improving worker skills through better education and training. He deserves great credit for stressing the importance of a national apprenticeship programme for non-college bound youths - a group central to economic perfor-

ance yet long ignored by much of the educational establishment. He also favours national exams to raise school standards and radical measures to make higher education more affordable for the middle classes.

Mr Tsongas makes encouraging, if conventional, noises on education. But he comes alive when discussing ways to strengthen America's manufacturing base, including industrial policies. He infuriates many liberal Democrats by advocating lower capital gains taxes on long-term equity investment, and arguing that the party must pay more attention to the "original act" - the creation of national wealth.

Yet while criticised for being aggressively pro-business, he is far from an uncritical believer in market forces. "Adam Smith was a marvelous man but he wouldn't know a superconductor or memory chip if he tripped over one," he says. He regards the post-war success of Japan as proof that intelligent government intervention can help. He sees an alternative to the market as a means of improving on it, especially in high technology where huge investments are required. He advocates strategic investments in emerging technologies, a modernisation of anti-trust laws to permit joint ventures and efforts to lengthen the time horizons of managers, for example by scrapping quarterly financial returns.

By stressing fairness, Mr Clinton is attracting strong support from blacks and poorly educated blue-collar workers. Mr Tsongas's blunter message about the importance of wealth creation is playing well with white-collar Democrats and, one suspects, many moderate Republicans. Neither can be dismissed as an old-style "tax and spend" Democrat. With the support of Congress, either would probably be able to make national savings, heal social divisions and address structural economic failings that a second Bush administration. There is little to fear economically - and possibly much to gain - from a Democratic victory in November.

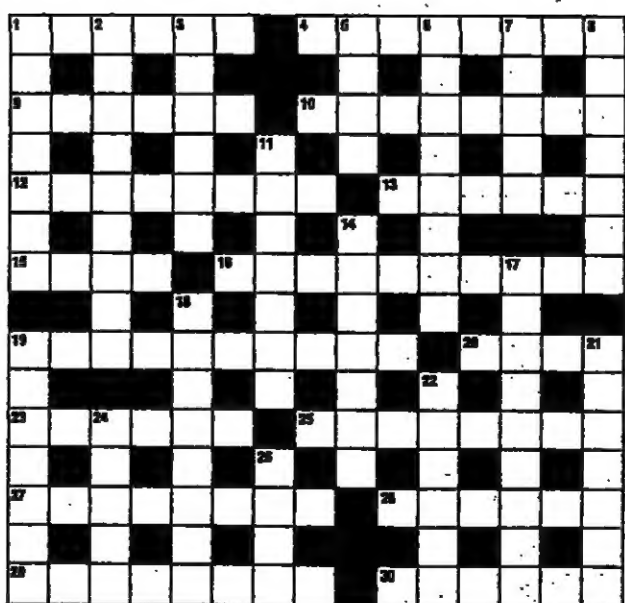
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JOTTER PAD

CROSSWORD

No. 7,793 Set by DANTE



ACROSS

- 1 An open-air practice? (3,3)
- 4 Girl and cleric having no right to withdraw (6)
- 9 They want fair play, presumably (6)
- 10 Reconciled to having had to give up work (3)
- 12 He breaks more than one union law (8)
- 13 Look for a feature about double-parking (5)
- 15 Takes a set dish? (4)
- 16 As Samson was when shorn of his locks? (10)
- 19 Timely sort of police raid (10)
- 20 Note arrangement of sails and masts of a vessel (4)
- 22 Invest, but not in vest! (6)
- 23 They begin races but don't finish them (5)
- 27 I've only a piece of material around me and trembled with cold (3)
- 28 Married girl from spite (6)
- 29 If you want to use the weighing machine, hurry! (4,2)
- 30 Condescends to change the design (6)

DOWN

- 1 Three times surrounded a number show fear? (7)
- 2 A shaver of today - or tomorrow? (9)
- 3 Last month from my own fault I'm overdrawn (6)
- 5 It is seen as an opinion (4)
- 6 Fried potato pasties for carpenters (5)
- 7 Her weapon was of no use in a manhunt (5)
- 8 Carried on in the nude, perhaps, though embarrassed (7)
- 11 Faintest preparation unusual in Paris? (7)
- 14 The last sort of quality needed by cat-burglars (7)
- 17 Hiding or showing (5)
- 18 It should make a Mexican less hot-headed (8)
- 21 Effusive oil-producers? (7)
- 23 Living in a city there's some point in being polite (6)
- 24 A little extra is equivalent to a salary increase (5)
- 25 One still is first to make a snowman (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday March 21.

'Catch-all' crime to be avoided

The two jurors from the Guinness Two and Nottingham Crown Court trials who wrote to this paper complaining about the legal profession's apparent disdain for the intelligence of juries in complex fraud trials may nevertheless welcome the authorities' search for a simpler legal process - in particular, the suggestion for a new offence of fraud.

A general offence of fraud is unknown to English law. It is being said that it would be helpful if there were such a crime (as there is in Scotland) to help reduce, if not avoid, the ordeal of inordinately long fraud trials that have scarred the criminal justice scene in recent weeks.

The idea is not new, only that it is being taken more seriously. In 1986, the Roskill Committee, in its recommendation to substitute a professional tribunal for jury trial in serious fraud cases, added that the issue of a crime of fraud *simpliciter* should be further examined. Academic writers too have been advocating the introduction of such a crime, either as a widely-conceived residual offence to specific fraudulent offences, or in substitution of the crime of conspiracy to defraud.

Conspiracy to defraud comes close to being a general offence of fraud, since the courts have given it an extremely wide scope. The two principal differences are that conspiracy to defraud cannot be committed by a person acting on his or her own. Since a conspiracy is an agreement to do something unlawful, it must not be confused with the means by which it is intended to be carried out.

The courts have been chary of defining the offence "to



JUSTINIAN

defraud", which takes its colour from the context in which the phrase is used, and means, ordinarily, to deprive a person dishonestly of something which is his - or of something to which he is, would be or might be entitled, but for the perpetration of the fraud.

The Law Commission, in its 1987 review of conspiracy to defraud, rejected the replacement of conspiracy to defraud by a general fraud offence capable of being committed by a single individual, largely on the ground of the scope of such ill-defined offence.

Most commercial activity is carried on with a view to gain for its perpetrators, or financial prejudice to others, so that in practice the offence would depend upon the jury's view of "dishonesty". Such an offence would provide insufficient guidance in advance as to what could or could not be lawfully done. Penal sanctions would be imposed only in clear cases. But if a general offence of fraud were introduced simply as a long-stop, to

be used in addition to conspiracy to defraud, some of the obvious drawbacks would, if moreover, the addition of a charge of fraud were controlled by the judge in pre-trial directions, any abuse by presenters of a "catch-all" crime would be avoided.

Whether the general offence of fraud would significantly shorten complex fraud trials is highly problematical. Again, the answer to that question would depend on the definition of the crime. If it were tightly drawn, it might limit the scope of the forensic process, but would hardly do the trick of supplementing the existing law. If it were loosely defined, there would be cries of uncertainty and ambiguity about lawful commercial conduct.

Some helpful guidance has just been provided by the Court of Appeal for Jersey, in an impressive judgment under the presidency of Sir Godfrey Le Quesne QC, a former chairman of the Monopolies and Mergers Commission. A charge of "fraud, contrary to the common law of Jersey", was upheld, the argument focusing on whether in Jersey criminal law, largely adapted from English statutory law, such an offence ever existed or was extant.

The accused, who was a director of the Hongkong and Shanghai Bank in Jersey, was alleged to have fraudulently induced his employer to purchase a property in St Helier for £700,000 by withholding from the bank the facts, known to him, that the property was

offered for sale at £367,500 and could have been bought for £310,000.

The Court of Appeal came to the conclusion - not without hesitation, it was at pains to observe - that the appellant had committed a misrepresentation, it being that it was necessary to pay £700,000 in order to obtain the property. It was done fraudulently. By acting fraudulently, the accused caused actual prejudice to the bank, because it paid for the property more than twice the sum for which it could have bought the property, and produced a corresponding benefit to the vendors. Thus the essential features of fraud were present.

For good measure, the Court added that the accused's conduct was a breach of trust. The bank was entitled to rely on the accused for information about local conditions affecting a purchase of local property. By the withholding of important information, that trust was flagrantly abused, and it was done in a commercial transaction in the course of the accused's duties as an executive director.

The Court's hesitancy in upholding the conviction is expressed in language that should serve as a warning. The Court said: "We do not consider it acceptable today to have a criminal offence defined in very general and comprehensive terms and to trust that it will be confined within proper limits by the discretion of the prosecuting officers in using it. The citizen is entitled to clearer information than that makes possible of what is criminal and what is innocent." Just so.

Louis Blom-Cooper QC

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BusinessWeek

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- Mexico's Auto Boom
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